

103^D CONGRESS
2^D SESSION

H. R. 4310

To reduce homelessness, reform public housing, expand and preserve affordable housing and homeownership, ensure fair housing for all, empower communities, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

APRIL 28, 1994

Mr. GONZALEZ (by request) introduced the following bill; which was referred to the Committee on Banking, Finance and Urban Affairs

A BILL

To reduce homelessness, reform public housing, expand and preserve affordable housing and homeownership, ensure fair housing for all, empower communities, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 SHORT TITLE AND TABLE OF CONTENTS

4 SECTION 1. (a) SHORT TITLE.—This Act may be
5 cited as the “Housing Choice and Community Investment
6 Act of 1994”.

7 (b) TABLE OF CONTENTS.—

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1 TITLE I—ASSISTANCE FOR THE HOMELESS

2 Subtitle A—Reorganization of the Stewart B. McKinney

3 Homeless Assistance Act

4 SHORT TITLE

5 SEC. 101. This subtitle may be cited as the “Stewart
6 B. McKinney Homeless Housing Assistance Reorganiza-
7 tion Act of 1994”.

8 FINDINGS AND PURPOSES

9 SEC. 102. (a) FINDINGS.—The Congress finds that—
10 (1) more Americans are homeless than at any
11 time since the Great Depression;

12 (2) homeless populations differ in different
13 parts of the country and require different types of
14 systems of varying sophistication to meet the needs
15 of those populations;

16 (3) the best approach for addressing this situa-
17 tion is to focus Federal homeless housing assistance
18 on a “continuum of care”—a seamless process which
19 moves the homeless from the street into a system
20 which provides outreach and assessment, emergency
21 shelter, transitional housing, and permanent hous-
22 ing;

1 (4) the Stewart B. McKinney Homeless Assist-
2 ance Act created emergency programs to solve spe-
3 cific homeless problems as they were identified, and
4 has evolved into an ad hoc approach of separate pro-
5 grams with separate means of distributing assist-
6 ance, separate rules, and separate reporting require-
7 ments, which tax the resources of the Department of
8 Housing and Urban Development, local govern-
9 ments, and not-for-profit homeless providers;

10 (5) the competitive process for distributing as-
11 sistance under these programs—

12 (A) restricts the flexibility of communities
13 to fashion homeless systems that meet the
14 needs of homeless persons in their areas;

15 (B) does not ensure that Federal resources
16 are targeted where the need is;

17 (C) results in unpredictable funding
18 streams which hinder communities' ability to
19 plan, develop, and implement comprehensive
20 “continuum of care” systems to assist homeless
21 individuals and families; and

22 (D) impedes the integration and coordina-
23 tion of the resources—Federal, private, not-for-
24 profit, and local government—available within a
25 community; and

1 (6) the current array of programs does not en-
2 sure that a community will have the tools to create
3 a “continuum of care” to address its homeless
4 needs.

5 (b) PURPOSES.—The purposes of this subtitle are
6 to—

7 (1) reorganize the McKinney Act homeless
8 housing assistance authorities, to assist States and
9 localities to use them more efficiently and effectively
10 through a comprehensive system involving a “contin-
11 uum of care” approach designed to meet the shelter,
12 service, and permanent housing needs of the Na-
13 tion’s homeless individuals and families;

14 (2) simplify and make more flexible the provi-
15 sion of Federal homeless assistance;

16 (3) encourage the cooperation and participation
17 of the States and units of general local government,
18 along with private non-profit organizations, in plan-
19 ning and implementing comprehensive homeless as-
20 sistance programs that are designed to meet the
21 array of service and shelter needs of the homeless
22 population toward the ultimate goal of assisting indi-
23 viduals and families to move to permanent housing
24 and self-sufficiency with supportive services, if nec-
25 essary, as quickly as possible;

1 (4) maximize a community's ability to imple-
2 ment a "continuum of care," by working with local
3 groups and not-for-profit providers;

4 (5) assure private non-profit organizations and
5 community groups that HUD will administer the
6 grant if States or units of general local government
7 are reluctant to participate in the program estab-
8 lished by this subtitle;

9 (6) make more efficient and equitable the man-
10 ner in which the Department of Housing and Urban
11 Development distributes Federal homeless assist-
12 ance, and to reduce the burden on the Department's
13 staff in managing numerous competitions for grants
14 so that its limited staff can focus on providing tech-
15 nical support, analysis, and evaluation to better en-
16 able States, units of general local government, and
17 non-profit providers to use Federal homeless assist-
18 ance;

19 (7) reduce the costs to States, units of general
20 local government, and private non-profit organiza-
21 tions in applying for and using the assistance; and

22 (8) begin the process of moving toward the goal
23 of meeting the needs of most of the Nation's home-
24 less population through the mainstream programs as
25 the Federal resources supporting these programs be-

4 SEC. 103. As used in this subtitle:

(2) The term “applicant” means a grantee submitting an application under section 105.

12 (4) The term “grantee” means—

(B) an allocation unit of general local government, Indian tribe, or Insular Area that designates a public agency or a private non-profit organization (or a consortium of such organizations) to administer grant amounts instead of the jurisdiction under section 108(a)(2);

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1 of an allocation unit of general local govern-
2 ment, Indian tribe, or Insular Area;

3 (D) an entity receiving grant amounts
4 from the Secretary under section 108(a)(4);

5 (E) a State administering a grant under
6 section 108(b)(1)(A);

7 (F) a unit of general local government re-
8 ceiving a grant from the Secretary under sec-
9 tion 108(b)(5); and

10 (G) a private nonprofit organization receiv-
11 ing a grant from the Secretary under section
12 108(b)(4).

13 (5) The term “homeless individual” has the
14 meaning given such term in section 103 of the Act.

15 (6) The term “homeless family” means a group
16 of one or more related individuals who are homeless
17 individuals.

18 (7) The term “Indian tribe” means any Indian
19 tribe, band, group, and nation, including Alaska In-
20 dians, Aleuts, and Eskimos, and any Alaskan Native
21 Village, of the United States, which is considered an
22 eligible recipient under the Indian Self-Determina-
23 tion and Education Assistance Act (Public Law 93-
24 638) or was considered an eligible recipient under

1 chapter 67 of title 31, United States Code, before
2 the repeal of such chapter.

3 (8) The term “Insular Area” means the Virgin
4 Islands, Guam, American Samoa, and the Northern
5 Mariana Islands.

6 (9) The term “metropolitan city” has the mean-
7 ing given the term in section 102(a)(4) of the Hous-
8 ing and Community Development Act of 1974.

9 (10) The term “private non-profit organization”
10 means an organization—

11 (A) no part of the net earnings of which
12 inures to the benefit of any member, founder,
13 contributor, or individual;

14 (B) that has a voluntary board;

15 (C) that has an accounting system, or has
16 designated a fiscal agent in accordance with re-
17 quirements established by the Secretary; and

18 (D) that practices nondiscrimination in the
19 provision of assistance.

20 (11) The term “recipient” means a grantee
21 (other than a State distributing grant amounts to
22 State recipients) and a State recipient.

23 (12) The term “Secretary” means the Secretary
24 of Housing and Urban Development.

1 (13) The term “State” means each of the sev-
2 eral States and the Commonwealth of Puerto Rico.

3 (14) The term “State recipient” means—

4 (A) a unit of general local government
5 within the State (other than an allocation unit
6 of general local government) that receives grant
7 amounts from the State under section
8 108(b)(3); and

9 (B) a private non-profit organization re-
10 ceiving grant amounts from the State under
11 section 108(b)(4).

12 (15) The term “unit of general local govern-
13 ment” means—

14 (A) a city, town, township, county, parish,
15 village, or other general purpose political sub-
16 division of a State;

17 (B) the District of Columbia; and

18 (C) any agency or instrumentality thereof
19 that is established pursuant to legislation and
20 designated by the chief executive to act on be-
21 half of the jurisdiction with regard to provisions
22 of this subtitle.

23 The term includes a consortium of geographically
24 contiguous units of general local government if the
25 Secretary determines that the consortium—

1 (i) has sufficient authority and administra-
2 tive capability to carry out the purposes of this
3 subtitle on behalf of its member jurisdictions;
4 and

5 (ii) will, according to a written certification
6 by the State (or States, if the consortium in-
7 cludes jurisdictions in more than one State), di-
8 rect its activities to alleviation of problems of
9 homeless individuals or families within the
10 State or States.

11 (16) The term “urban county” has the meaning
12 given the term in section 102(a)(6) of the Housing
13 and Community Development Act of 1974.

14 AUTHORIZATIONS

15 SEC. 104. (a) IN GENERAL.—The Secretary is au-
16 thorized to make grants, in accordance with the provisions
17 of this subtitle, to grantees to carry out activities to assist
18 homeless individuals and families in support of com-
19 prehensive homeless assistance systems.

20 (b) FUNDING AMOUNTS.—For purposes of this sub-
21 title, there are authorized to appropriated \$1,020,000,000
22 for fiscal year 1995, and such sums as may be necessary
23 for each of fiscal years 1996 and 1997. Any amounts ap-
24 propriated shall remain available until expended.

25 (c) AWARDING OF GRANTS.—

1 (1) IN GENERAL.—Except as provided in para-
2 graph (2), the Secretary shall distribute amounts ap-
3 propriated under subsection (b) to grantees under
4 this subtitle.

5 (2) INSUFFICIENT APPROPRIATIONS.—

6 (A) If the amounts appropriated under
7 subsection (b) for any fiscal year are less than
8 50 percent of the amount authorized to be ap-
9 propriated under that subsection for that year,
10 the Secretary shall distribute the amounts ap-
11 propriated to States, units of general local gov-
12 ernment, Indian tribes, Insular Areas, and pri-
13 vate non-profit organizations on the basis of a
14 competition.

15 (B) Grants under this paragraph shall be
16 subject to the provisions of this subtitle, except
17 such provisions as the Secretary determines are
18 inconsistent with the purposes of this para-
19 graph. The Secretary shall establish such addi-
20 tional or alternative requirements for grants
21 under this paragraph as the Secretary deems
22 appropriate, which shall include requirements
23 for applying for, and criteria for awarding, such
24 grants.

1 (C) The criteria for awarding grants re-
2 ferred to in subparagraph (B) shall include—

3 (i) the extent to which there is a need
4 for assistance for homeless individuals and
5 families in the jurisdiction;

6 (ii) the extent to which the proposed
7 activities further the establishment and
8 maintenance of the comprehensive home-
9 less assistance system referred to in sec-
10 tion 105(b)(1)(C);

11 (iii) the extent to which private non-
12 profit organizations providing assistance to
13 homeless individuals and families in the ju-
14 risdiction have been and will be, included
15 in planning for the receipt of assistance
16 under this subtitle, the development of the
17 application under section 105, and the exe-
18 cution of the proposed activities;

19 (iv) the extent to which homeless indi-
20 viduals and families will proceed with ap-
21 propriate expedition through the com-
22 prehensive homeless assistance system and
23 into permanent housing; and

24 (v) such other criteria as the Sec-
25 retary deems appropriate to further the

1 purposes of this paragraph and this sub-
2 title.

3 (D) The Secretary is authorized to set
4 aside such amounts as the Secretary deems ap-
5 propriate for grants under this paragraph for
6 Indian tribes and Insular Areas.

7 APPLICATION

8 SEC. 105. (a) IN GENERAL.—Each applicant shall
9 submit an application in such form and in accordance with
10 such procedures as the Secretary shall establish.

11 (b) MINIMUM REQUIREMENTS.—An application
12 under this section shall at a minimum—

13 (1) on the basis of information provided in the
14 current comprehensive affordable housing strategy
15 for the appropriate jurisdiction under section 105 of
16 the Cranston-Gonzalez National Affordable Housing
17 Act, or such other plan as the Secretary may pre-
18 scribe, set forth for the jurisdiction—

19 (A) a detailed description of the current
20 population of homeless individuals and families;

21 (B) the current facilities and services de-
22 signed to assist that population; and

23 (C) the comprehensive homeless assistance
24 system to be established and maintained within
25 the jurisdiction (a “continuum of care”), which
26 shall include at a minimum—

1 (i) a system of outreach and assess-
2 ment for—

3 (I) determining whether an indi-
4 vidual or family is homeless, needs as-
5 sistance to avoid becoming homeless,
6 or needs other assistance; and

7 (II) ensuring that individuals and
8 families that are so identified receive
9 appropriate housing and supportive
10 services (which may include services
11 with respect to health, mental health,
12 substance abuse, family support, edu-
13 cation, and child care, and services di-
14 rected toward obtaining appropriate
15 income support, including employment
16 training);

17 (ii) the availability of emergency shel-
18 ters with appropriate supportive services to
19 ensure that homeless individuals and fami-
20 lies for which such housing is appropriate
21 receive adequate shelter, including during
22 the period in which the assessment re-
23 ferred to in clause (i) is being performed;

24 (iii) the availability of transitional
25 housing with appropriate supportive serv-

1 ices to ensure that homeless individuals
2 and families for which such housing is ap-
3 propriate are prepared for increased re-
4 sponsibility and permanent housing, or
5 permanent supportive housing, after the
6 transition period;

7 (iv) the availability of permanent
8 housing, or permanent supportive housing,
9 adequate to meet the long-term housing
10 needs of all homeless individuals and fami-
11 lies; and

12 (v) linkages between assistance pro-
13 vided under this subtitle and assistance
14 provided under other Federal, State, and
15 local programs that may be used to assist
16 homeless individuals and families, such
17 as—

18 (I) assistance under the Public
19 and Indian Housing and section 8
20 programs under the United States
21 Housing Act of 1937, the Home In-
22 vestment Partnerships Act, and the
23 community development block grant
24 program under title I of the Housing

1 and Community Development Act of
2 1974;

3 (II) programs administered by
4 the Secretary of Labor;

5 (III) health, social service, and
6 income support services;

7 (IV) programs designed to assist
8 homeless veterans;

9 (V) adult education, employment
10 training, and education for homeless
11 children and youth; and

12 (VI) national service;

13 (2) provide an assessment of what is required
14 to establish and maintain the comprehensive system
15 referred to in paragraph (1)(C);

16 (3) set forth a multi-year strategy for establish-
17 ing and maintaining the system, including appro-
18 priate timetables, milestones, and budget estimates
19 for accomplishing each element of the strategy;

20 (4) set forth a 1-year action plan, identifying all
21 activities to be carried out with assistance under this
22 subtitle and demonstrating how these activities will
23 further the strategy referred to in paragraph (3);

24 (5) describe the means the applicant (other
25 than a State distributing grant amounts to State re-

1 cipients under section 108(b)(2)) will use to distrib-
2 ute grant amounts to subgrantees, including whether
3 such amounts will be awarded on a competitive or
4 non-competitive basis;

5 (6) demonstrate that the local board referred to
6 in section 109(b) has signed the application;

7 (7) contain certifications or other such forms of
8 proof of commitments of financial and other re-
9 sources from each public agency or private non-prof-
10 it organization that has a role in establishing and
11 maintaining the comprehensive homeless assistance
12 system;

13 (8) contain assurances satisfactory to the Sec-
14 retary that activities carried out under section 106
15 will meet the requirements of the Act, as provided
16 in section 106(b);

17 (9) in the case of States distributing grant
18 amounts to State recipients, describe the method of
19 distribution;

20 (10) except for grant amounts that States will
21 distribute to State recipients, contain a certification
22 from the public official responsible for submitting
23 the comprehensive housing affordability strategy
24 under section 105 of the Cranston-Gonzalez Na-
25 tional Affordable Housing Act for the State or unit

1 of general local government within which the project
2 is located that the proposed project is consistent
3 with the approved housing strategy of such State or
4 unit of general local government;

5 (11) contain a certification that the applicant
6 will comply with the requirements of the Fair Hous-
7 ing Act, title VI of the Civil Rights Act of 1964, sec-
8 tion 504 of the Rehabilitation Act of 1973, and the
9 Age Discrimination Act of 1975, and will affirma-
10 tively further fair housing; and

11 (12) contain a certification that the applicant
12 will comply with the requirements of this subtitle
13 and other applicable laws.

14 ELIGIBLE ACTIVITIES

15 SEC. 106. (a) IN GENERAL.—Recipients may only
16 carry out the following activities with grant amounts
17 under this subtitle:

18 (1) Activities eligible for assistance under the
19 following provisions of the Act—

20 (A) emergency shelters under subtitle B of
21 title IV;

22 (B) transitional housing under subtitle C
23 of title IV;

24 (C) safe havens under subtitle D of title
25 IV;

1 (D) single room occupancy dwellings under
2 section 441;

3 (E) shelter plus care under subtitle F of
4 title IV; and

5 (F) rural homeless housing assistance
6 under subtitle G of title IV;

7 (2) Permanent housing meeting such require-
8 ments as the Secretary shall prescribe.

9 (3)(A) For the first year in which a recipient
10 receives grant amounts under this subtitle, adminis-
11 trative expenses in connection with planning the de-
12 velopment of, and establishing, its program under
13 this subtitle;

14 (B) in subsequent years, defraying the cost of
15 administering the program; and

16 (C) in all years, defraying the cost of constitut-
17 ing and operating the local board referred to in sec-
18 tion 109(b); except that not more than 5 percent of
19 any amounts provided to a recipient under this sub-
20 title for a fiscal year may be used for activities
21 under this paragraph.

22 (4) Building the capacity of private non-profit
23 organizations to participate in the comprehensive
24 homeless assistance system of the recipient, except
25 that not more than 2 percent of any amounts pro-

1 vided to a recipient under this subtitle for a fiscal
2 year may be used for activities under this para-
3 graph.

4 (b) PROGRAM REQUIREMENTS.—Activities assisted
5 under this subtitle shall comply with all applicable require-
6 ments of the Act, except those that the Secretary deter-
7 mines are inconsistent with the provisions or purposes of
8 this subtitle.

9 (c) MATCHING FUNDING.—

10 (1) IN GENERAL.—Each recipient shall ensure
11 that contributions totaling not less than 25 percent
12 of the grant amounts made available to the recipient
13 for any fiscal year under this subtitle shall be pro-
14 vided from non-Federal sources, as defined by the
15 Secretary, to carry out the homeless assistance pro-
16 gram of the recipient. Each recipient shall certify to
17 the Secretary that it has complied with this section,
18 and shall include with the certification a description
19 of the sources and amounts of the matching funds.

20 (2) WAIVERS.—A recipient may request that
21 the Secretary reduce or waive the matching require-
22 ment of paragraph (1). The request shall be in a
23 form and manner prescribed by the Secretary, and
24 shall demonstrate that the recipient lacks the fi-
25 nances and other resources to meet the requirement.

1 The Secretary may grant the request, if the Sec-
2 retary determines that imposition of the match—

3 (A) would create a significant hardship for
4 the recipient; and

5 (B) would thwart the overall purpose of
6 the homeless assistance program of the recipi-
7 ent.

8 (3) CALCULATION OF AMOUNTS.—In calculat-
9 ing the amount of matching funds required under
10 paragraph (1), a recipient may include—

11 (A) any funds derived from a non-Federal
12 source;

13 (B) the value of any lease on a building;

14 (C) any salary paid to staff to carry out
15 the program of the recipient;

16 (D) the value of the time and services con-
17 tributed by volunteers, at a rate determined by
18 the Secretary; and

19 (E) the proceeds from bond financing val-
20 idly issued by a State or local government,
21 agency, or instrumentality thereof, or political
22 subdivision thereof, and repayable with revenues
23 derived from a project assisted under this sub-
24 title, but not more than 25 percent of the con-

1 tribution required under paragraph (1) may be
2 derived from this source.

3 (d) LIMITATION ON USE OF FUNDS.—No assistance
4 received under this subtitle (or any State or local govern-
5 ment funds used to supplement such assistance) may be
6 used to replace other funds previously used, or designated
7 for use, by the State, unit of general local government,
8 Indian tribe, or Insular Area to assist homeless individuals
9 and families.

10 (e) NON-PROFIT HOMELESS PROVIDERS.—Each re-
11 cipient shall make available at least 51 percent of the
12 grant amounts it receives for any fiscal year to private
13 non-profit organizations that provide assistance to home-
14 less individuals and families to carry out activities under
15 this subtitle. Such organizations shall meet such minimum
16 standards as the Secretary deems appropriate.

17 (f) ADMINISTRATIVE EXPENSES FOR CERTAIN ENTI-
18 TIES.—An allocation unit of general local government, In-
19 dian tribe, or Insular Area, or a State recipient, that des-
20 ignates a public agency or a private non-profit organiza-
21 tion (as provided by sections 108(a)(2) and
22 (b)(3)(A)(i)(II), respectively), or a State recipient that en-
23 ters into an agreement with a State (as provided by sec-
24 tion 108(b)(3)(A)(i)(III)), shall make available, to defray
25 the administrative expenses of the designee or the State,

1 such sums as the Secretary deems appropriate from
2 amounts eligible for this purpose under subsection (a)(2).

3 ALLOCATION AND DISTRIBUTION OF FUNDS

4 SEC. 107. (a) INSULAR AREAS.—For each fiscal year,
5 the Secretary shall allocate assistance under this subtitle
6 to Insular Areas in accordance with an allocation formula
7 established by the Secretary.

8 (b) STATES AND ALLOCATION UNITS OF GENERAL
9 LOCAL GOVERNMENT.—

10 (1) FORMULA ALLOCATION.—

11 (A) For each fiscal year, of the amounts
12 that remain after amounts are reserved for In-
13 sular Areas under subsection (a), the Secretary
14 shall allocate assistance according to the for-
15 mula described in subparagraph (B) or such
16 other formula as may hereafter be enacted into
17 law.

18 (B)(i) The Secretary shall allocate
19 amounts for allocation units of general local
20 government and States, and for Indian tribes,
21 in a manner that ensures that the percentage of
22 the total amount available under this subtitle
23 for any fiscal year that is allocated for any
24 State or allocation unit of general local govern-
25 ment, or for Indian tribes, is equal to the per-
26 centage of the total amount available for section

1 106 of the Housing and Community Develop-
2 ment Act of 1974 for such prior fiscal year that
3 is allocated for such State or allocation unit of
4 general local government, or for Indian tribes.

5 (ii) If under the allocation provisions appli-
6 cable under this subtitle, any allocation unit of
7 general local government would receive a grant
8 of less than 0.05 percent of the amounts appro-
9 priated to carry out this subtitle for any fiscal
10 year, such amount shall instead be reallocated
11 to the State for use under section 108(b), ex-
12 cept that any city that is located in the State
13 that does not have counties as local govern-
14 ments; that has a population greater than
15 40,000, but less than 50,000, as used in deter-
16 mining the fiscal year 1987 community develop-
17 ment block grant program allocation; and that
18 was allocated in excess of \$1,000,000 in com-
19 munity development block grant funds in fiscal
20 year 1987 shall receive directly the amount lo-
21 cated to such city under subsection (a).

22 (iii)(I) All amounts allocated pursuant to
23 the preceding clauses for units for general local
24 government shall be increased on a pro rata
25 basis until the aggregate of such amounts

1 equals 75 percent of the amounts appropriated
2 under this subtitle for each year.

3 (II) All amounts allocated pursuant to the
4 preceding clauses for States shall be decreased
5 on a pro rata basis until the aggregate of such
6 amounts equals 25 percent of the amounts ap-
7 propriated under this subtitle for each year.

8 (2) DETERMINATION OF GRANT AMOUNT FOR
9 STATES AND ALLOCATION UNITS OF GENERAL
10 LOCAL GOVERNMENT.—The formula amount deter-
11 mined for an allocation unit of general local govern-
12 ment or a State, under paragraph (1) shall be the
13 maximum amount that the jurisdiction is eligible to
14 receive. The Secretary may provide a grant for a
15 State or for an allocation unit of general local gov-
16 ernment for an amount less than the formula
17 amount, if the Secretary determines that such action
18 is appropriate based upon review of the application
19 under section 105 or as a result of the annual per-
20 formance review and audit under section 110.

21 (c) REALLOCATIONS.—Any amounts that a State or
22 an allocation unit of general local government is eligible
23 to receive under subsection (b) that are not received for
24 use in the jurisdiction, as provided by sections 108 (a)
25 and (b), or that become available as a result of actions

1 under section 110(b), shall be added to amounts available
2 for allocation under section 107 for the succeeding fiscal
3 year.

4 ADMINISTRATION OF PROGRAM

5 SEC. 108. (a) ALLOCATION UNITS OF GENERAL
6 LOCAL GOVERNMENT, INDIAN TRIBES, AND INSULAR
7 AREAS.—

8 (1) IN GENERAL.—Except as provided in para-
9 graphs (2), (3), and (4), an allocation unit of gen-
10 eral local government, Indian tribe, or Insular Area
11 shall administer grant amounts received under sec-
12 tion 107 for any fiscal year.

13 (2) AGENCIES AND ORGANIZATIONS DES-
14 IGNATED BY JURISDICTION.—

15 (A) An allocation unit of general local gov-
16 ernment, Indian tribe, or Insular Area may
17 elect for any fiscal year to designate a public
18 agency or a private non-profit organization (or
19 a consortium of such organizations) to admin-
20 ister grant amounts under section 107 instead
21 of the jurisdiction.

22 (B) The Secretary shall prescribe the man-
23 ner and time for making an election under sub-
24 paragraph (A), and shall establish criteria for
25 the approval of agencies and organizations,
26 which shall include demonstrated experience of

1 the entity in providing assistance to homeless
2 individuals and families in the jurisdiction.

3 (C) The allocation unit of general local
4 government, Indian tribe, or Insular Area shall
5 remain both the grantee and the recipient for
6 purposes of this subtitle. The Secretary may, at
7 the request of the jurisdiction, provide grant
8 amounts directly to the agency or organization
9 designated under this paragraph.

10 (3) AGENCIES AND ORGANIZATIONS DES-
11 IGNATED BY HUD.—If an allocation unit of general
12 local government, Indian tribe, or Insular Area, or
13 (if appropriate) a public agency or private non-profit
14 organization designated by the jurisdiction under
15 paragraph (2), does not receive a grant under sec-
16 tion 107 for any fiscal year because of failure to
17 meet the application requirements of section 105,
18 the Secretary is authorized to designate an agency
19 or organization meeting the approval criteria re-
20 ferred to in paragraph (2). Any agency or organiza-
21 tion so designated shall be both the grantee and re-
22 cipient for purposes of this subtitle.

23 (4) ADMINISTRATION OF GRANT BY HUD.—If
24 for any fiscal year the Secretary determines that
25 amounts allocated for an allocation unit of general

1 local government, Indian tribe, or Insular Area will
2 not be used in the jurisdiction, as provided by the
3 preceding provisions of this subsection, the Secretary
4 is authorized to administer such amounts instead of
5 the jurisdiction. The Secretary shall prescribe such
6 procedures and requirements as the Secretary deems
7 appropriate for administering grant amounts under
8 this paragraph.

9 (b) STATES.—

10 (1) IN GENERAL.—States shall elect—

11 (A) to administer grant amounts received
12 under section 107, as provided by paragraphs
13 (2) and (3); or

14 (B) to have the Secretary administer these
15 amounts instead of the State, as provided by
16 paragraph (5).

17 If a State elects to administer grant amounts under
18 subparagraph (A), the election shall be permanent
19 and final.

20 (2) STATE PROGRAM.—Of amounts referred to
21 in paragraph (1)(A), the State—

22 (A) may use up to 15 percent to carry out
23 its own homeless assistance program under this
24 subtitle, except that these amounts may only be
25 used for eligible activities under section

1 106(a)(1) for which States are eligible recipi-
2 ents under the Act; and

3 (B) shall distribute the remaining amounts
4 to State recipients for use under this subtitle.

5 Grants to States may only be used to carry out ac-
6 tivities in areas of the State outside allocation units
7 of general local government.

8 (3) DISTRIBUTION OF AMOUNTS TO STATE RE-
9 CIPIENTS.—

10 (A)(i) A State distributing amounts to
11 State recipients under paragraph (1)(A) shall,
12 for each fiscal year, afford each such recipient
13 the options of—

14 (I) administering the grant amounts
15 on its own behalf;

16 (II) designating a public agency or a
17 private non-profit organization (as pro-
18 vided by subsection (a)(2)) to administer
19 the grant amounts instead of the jurisdic-
20 tion; or

21 (III) entering into an agreement with
22 the State, in consultation with private non-
23 profit organizations providing assistance to
24 homeless individuals and families in the ju-
25 risdiction, under which the State will ad-

1 minister the grant amounts instead of the
2 jurisdiction.

3 These options shall be exercised at such time
4 and in accordance with such criteria as the Sec-
5 retary may prescribe.

6 (ii) A State recipient designating an agen-
7 cy or organization as provided by clause (i)(II),
8 or entering into an agreement with the State
9 under clause (i)(III), shall remain the recipient
10 for purposes of this subtitle. The State may, at
11 the request of the State recipient, provide grant
12 amounts directly to the agency or organization
13 designated under clause (i)(II).

14 (B) The State shall distribute amounts to
15 State recipients (or to agencies or organizations
16 designated under subparagraph (A)(i)(II), as
17 appropriate) on the basis of an application con-
18 taining such information as the Secretary may
19 prescribe. Each application shall evidence an in-
20 tent to establish a comprehensive homeless as-
21 sistance system, except that the State may
22 waive this requirement with respect to one or
23 more proposed activities, where the State deter-
24 mines that—

1 (i) the activities are necessary to meet
2 the needs of homeless individuals and fam-
3 ilies within the jurisdiction; and

4 (ii) a comprehensive homeless assist-
5 ance system is not necessary, due to the
6 nature and extent of homelessness in the
7 jurisdiction.

8 (C) In selecting State recipients and mak-
9 ing awards under subparagraph (B), the State
10 shall give preference to applications (in accord-
11 ance with criteria prescribed by the Secretary)
12 that demonstrate higher relative levels of home-
13 less need and fiscal distress.

14 (D) Each State distributing grant amounts
15 to State recipients under paragraph (2)(B) may
16 retain not to exceed 5 percent of the amount to
17 be used for this purpose to defray the cost of
18 carrying out its responsibilities under this sub-
19 title.

20 (4) STATE OR HUD ADMINISTRATION OF
21 GRANTS FOR INDIVIDUAL STATE RECIPIENTS.—If in
22 any fiscal year a State distributes grant amounts to
23 a State recipient, but the recipient fails to receive
24 the amounts pursuant to paragraph (3)(A)(i), the
25 Secretary or the State, as the Secretary may pro-

1 vide, may distribute the amounts to private non-
2 profit organizations in the jurisdiction. If the Sec-
3 retary distributes the amounts, the Secretary shall
4 deduct the amounts distributed from the grant pro-
5 vided to the State for that fiscal year.

6 (5) HUD ADMINISTRATION OF STATE PRO-
7 GRAM.—If a State elects to have the Secretary ad-
8 minister its grant amounts under section 107, as
9 provided by paragraph (1), the Secretary is author-
10 ized to distribute grant amounts to State recipients
11 instead of the State, in accordance with require-
12 ments and procedures prescribed by the Secretary.
13 The Secretary shall establish criteria for selecting
14 recipients and making awards under this paragraph,
15 which shall include giving preference to applications
16 that demonstrate higher relative levels of homeless
17 need and fiscal distress.

18 CITIZEN PARTICIPATION

19 SEC. 109. (a) IN GENERAL.—Each recipient shall en-
20 sure that citizens, and appropriate private non-profit orga-
21 nizations and other interested groups and entities, partici-
22 pate fully in the development and carrying out of the pro-
23 gram authorized under this subtitle. The Secretary shall
24 prescribe such requirements to carry out this section as
25 the Secretary deems appropriate, which shall include re-
26 quirements applicable to the local boards referred to in

1 subsection (b) and the citizen participation provisions of
2 subsection (c), and the timing of, and sequence for, carry-
3 ing out the requirements of those subsections.

4 (b) LOCAL BOARDS.—

5 (1) ESTABLISHMENT AND FUNCTION.—Each
6 recipient shall establish and support a local board,
7 which shall assist the recipient in—

8 (A) determining whether the grant should
9 be administered by the recipient, a public agen-
10 cy or private non-profit organization, or the
11 State or the Secretary, as appropriate, under
12 sections 108 (a) and (b);

13 (B) developing the application under sec-
14 tion 105;

15 (C) overseeing the activities carried out
16 with assistance under this subtitle; and

17 (D) evaluating the performance of the re-
18 cipient in carrying out these activities.

19 (2) COMPOSITION OF BOARD.—The local board
20 shall consist of—

21 (A) at least one member representing each
22 of the following groups—

23 (i) homeless individuals and families;

24 (ii) homeless advocates;

1 (iii) individuals and entities providing
2 assistance to homeless individuals and
3 families;

4 (iv) the business community; and

5 (v) neighborhood advocates;

6 (B) in the case of a recipient that is a
7 State, one member representing the State agen-
8 cy or instrumentality dealing with mental
9 health;

10 (C) not more than one member represent-
11 ing the recipient; and

12 (D) such other individuals and entities as
13 the Secretary shall prescribe.

14 (3) DISTRIBUTION OF MEMBERSHIP.—At least
15 51 percent of the membership of the board shall
16 have been nominated by individuals and entities
17 other than a governmental jurisdiction.

18 (4) BOARD SIGN-OFF.—

19 (A) No applicant may submit an applica-
20 tion to the Secretary under section 105, and no
21 grantee may submit to the Secretary a perform-
22 ance report under subsection 110(a), unless the
23 board signs the document.

24 (B) No State recipient may submit an ap-
25 plication under section 108(b)(3) or a perform-

1 ance report to a State, unless the board signs
2 the document.

3 (5) REVIEW BY SECRETARY.—If the board or
4 other members of the community believe that the
5 process for constituting or operating the board is
6 unfair, they may ask the Secretary to review the
7 matter. The Secretary shall attempt to resolve the
8 problem and where the Secretary finds that the
9 process is unfair, the Secretary may disapprove an
10 application under section 105 or refuse to accept a
11 performance report under section 110(a).

12 (6) CONFLICTS OF INTEREST.—The Secretary
13 shall prescribe standards governing potential con-
14 flicts of interest under which members of local
15 boards may participate in activities carried out
16 under this subtitle.

17 (c) INVOLVEMENT OF CITIZENS AND OTHERS.—

18 (1) IN GENERAL.—Each recipient shall—

19 (A) make available to its citizens, public
20 agencies, and other interested parties informa-
21 tion concerning the amount of assistance the ju-
22 risdiction expects to receive and the range of
23 activities that may be undertaken with the as-
24 sistance;

1 (B) publish the proposed application in a
2 manner that, in the determination of the Sec-
3 retary, affords affected citizens, public agencies,
4 and other interested parties a reasonable oppor-
5 tunity to examine its content and to submit
6 comments on it;

7 (C) hold one or more public hearings to ob-
8 tain the views of citizens, public agencies, and
9 other interested parties on the housing needs of
10 the jurisdiction; and

11 (D) provide citizens, public agencies, and
12 other interested parties with reasonable access
13 to records regarding any uses of any assistance
14 the recipient may have received during the pre-
15 ceding 5 years.

16 (2) NOTICE AND COMMENT.—Before submitting
17 any performance report under section 110(a) or sub-
18 stantial amendment to an application under section
19 105, a recipient shall provide citizens with reason-
20 able notice of, and opportunity to comment on, such
21 performance report or application before its submis-
22 sion.

23 (3) CONSIDERATION OF COMMENTS.—A recipi-
24 ent shall consider any comments or views of citizens
25 in preparing a final application, amendment to an

1 application or performance report for submission. A
2 summary of such comments or views shall be at-
3 tached when an application, amendment to an appli-
4 cation, or performance report is submitted. The sub-
5 mitted application, amendment, or report shall be
6 made available to the public.

7 (4) AUTHORITY OF SECRETARY.—The Sec-
8 retary shall establish procedures appropriate and
9 practicable for providing a fair hearing and timely
10 resolution of citizen complaints related to applica-
11 tions or performance reports under this subtitle.

12 (d) REQUIREMENTS FOR THE SECRETARY AND
13 STATES DISTRIBUTING AMOUNTS TO STATE RECIPI-
14 ENTS.—

15 (1) IN GENERAL.—The Secretary may prescribe
16 citizen participation requirements comparable (to the
17 extent appropriate) to those contained in the preced-
18 ing provisions of this section where—

19 (A) a State is distributing grant amounts
20 to State recipients, as provided by sections
21 108(b)(2);

22 (B) the Secretary is administering the
23 grant amounts of an allocation unit of general
24 local government, as provided by section
25 108(a)(4); and

1 (C) the Secretary is distributing grant
2 amounts, to recipients, as provided by section
3 18(b)(3), (4), or (5).

4 (2) LAWS INAPPLICABLE.—The following provi-
5 sions of law shall not apply with respect to the ac-
6 tions of the Secretary referred to in paragraph (1)—

7 (A) the Federal Advisory Committee Act;
8 and

9 (B) section 103 of the Department of
10 Housing and Urban Development Reform Act
11 of 1989.

12 The Secretary shall establish appropriate standards
13 under this paragraph to ensure the integrity of the
14 process for awarding assistance.

15 REPORTS, REVIEWS, AND AUDITS

16 SEC. 110. (a) GRANTEE PREFERENCE REPORT.—
17 Each grantee shall submit to the Secretary a performance
18 and evaluation report concerning the use of funds made
19 available under this subtitle. The report shall be submitted
20 at such time and contain such information as the Sec-
21 retary shall prescribe, and shall be made available to the
22 local boards referred to in section 109(b) and to citizens,
23 public agencies, and other interested parties in the juris-
24 diction of the grantee in sufficient time to permit the
25 board and the citizens, public agencies, and other inter-
26 ested parties to comment on the report before its submis-

1 sion. Each grantee performance report shall be signed by
2 the local board.

3 (b) REVIEWS AND AUDITS.—The Secretary shall, at
4 least on an annual basis, make such reviews and audits
5 as may be necessary or appropriate to determine—

6 (1) in the case of a grantee (other than a
7 grantee referred to in paragraph (2)), whether the
8 grantee—

9 (A) has carried out its activities in a timely
10 manner;

11 (B) has made progress toward establishing
12 and maintaining the comprehensive homeless
13 assistance system (“continuum of care”) in con-
14 formity with its application under this subtitle;

15 (C) has carried out its activities and cer-
16 tifications in accordance with the requirements
17 of this subtitle and other applicable laws; and

18 (D) has a continuing capacity to carry out
19 its activities in a timely manner; and

20 (2) in the case of States distributing grant
21 amounts to State recipients, whether the State—

22 (A) has distributed amounts to State re-
23 cipients in a timely manner and in conformance
24 with the method of distribution described in its
25 application;

1 (B) has carried out its activities and cer-
2 tifications in compliance with the requirements
3 of this subtitle and other applicable laws; and

4 (C) has made such reviews and audits of
5 the State recipients as may be necessary or ap-
6 propriate to determine whether they have satis-
7 fied the applicable performance criteria con-
8 tained in paragraph (1).

9 The Secretary may make appropriate adjustments in the
10 amount of grants in accordance with the Secretary's find-
11 ings under this subsection. With respect to assistance
12 made available for State recipients, the Secretary may ad-
13 just, reduce, or withdraw such assistance, or take other
14 action as appropriate in accordance with the Secretary's
15 reviews and audits under this subsection, except that
16 funds already properly expended on eligible activities
17 under this subtitle shall not be recaptured or deducted
18 from future assistance to such recipients.

19 NONDISCRIMINATION IN PROGRAMS AND ACTIVITIES

20 SEC. 111. (a) IN GENERAL.—No person in the Unit-
21 ed States shall on the ground of race, color, national ori-
22 gin, religion, or sex be excluded from participation in, be
23 denied the benefits of, or be subjected to discrimination
24 under any program or activity funded in whole or in part
25 with funds made available under this subtitle. Any prohibi-
26 tion against discrimination on the basis of age under the

1 Age Discrimination Act of 1975 or with respect to an oth-
2 erwise qualified handicapped individual, as provided in
3 section 504 of the Rehabilitation Act of 1973, shall also
4 apply to any such program or activity.

5 (b) LIMITATIONS.—

6 (1) INDIAN TRIBES.—No grant may be made to
7 an Indian tribe under this subtitle unless the appli-
8 cant provides satisfactory assurances that its pro-
9 gram will be conducted and administered in con-
10 formity with title II of Public Law 90–284. The Sec-
11 retary may waive, in connection with grants to In-
12 dian tribes, the provisions of subsection (a).

13 (2) HAWAIIAN HOME LANDS.—Nothing in this
14 subtitle relating to discrimination on the basis of
15 race shall apply to the provision of assistance to the
16 Hawaiian Home Lands.

17 CONSULTATION

18 SEC. 112. In carrying out the provisions of this sub-
19 title, including the issuance of regulations, the Secretary
20 shall consult with other Federal departments and agencies
21 administering programs affecting homeless individuals
22 and families.

23 RECORDS, REPORTS, AND AUDITS

24 SEC. 113. (a) KEEPING OF RECORDS.—Any recipient
25 (including a State distributing grant amounts to State re-

1 cipients under section 108(b)(2)(B)) shall keep such
2 records as may be reasonably necessary—

3 (1) to disclose the amounts and the disposition
4 of the grant amounts; and

5 (2) to ensure compliance with the requirements
6 of this subtitle.

7 (b) ACCESS TO DOCUMENTS BY THE SECRETARY.—

8 The Secretary shall have access for the purpose of audit
9 and examination to any books, documents, papers, and
10 records of any recipient specified in subsection (a) that
11 are pertinent to grant amounts received in connection
12 with, and the requirements of, this subtitle.

13 (c) ACCESS TO DOCUMENTS BY THE COMPTROLLER
14 GENERAL.—The Comptroller General of the United
15 States, or any of the duly authorized representatives of
16 the Comptroller General, shall have access for the purpose
17 of audit and examination to any books, documents, papers,
18 and records of any recipient specified in subsection (a)
19 that are pertinent to grant amounts received in connection
20 with, and the requirements of, this subtitle.

21 REPORTS TO CONGRESS

22 SEC. 114. The Secretary shall submit a report to the
23 Congress annually, summarizing the activities carried out
24 under this subtitle and setting forth the findings, conclu-
25 sions, and recommendations of the Secretary as a result
26 of the activities. The report shall be submitted not later

1 than 4 months after the end of each fiscal year (except
 2 that, in the case of fiscal year 1995, the report shall be
 3 submitted not later than 6 months after the end of the
 4 fiscal year).

5 INNOVATIVE HOMELESS PROGRAM

6 SEC. 115. (a) FUNDING AUTHORIZATION.—Section
 7 2(f) of the HUD Demonstration Act of 1993 is amended
 8 to read as follows:

9 “(f) AUTHORIZATION OF APPROPRIATIONS.—

10 “(1) IN GENERAL.—There are authorized to be
 11 appropriated to carry out this section \$100,000,000
 12 for fiscal year 1995 and such sums as may be nec-
 13 essary for fiscal year 1996.

14 “(2) USE OF AMOUNTS.—All amounts appro-
 15 priated under paragraph (1) shall be used only to
 16 carry out the comprehensive homeless initiative
 17 under subsection (c).”.

18 (b) REPEAL.—Section 2(g) of such Act is amended
 19 by striking “1994” and inserting “1997”.

20 Subtitle B—Emergency Food and Shelter

21 TRANSFER OF THE EMERGENCY FOOD AND SHELTER

22 PROGRAM FROM FEMA TO HUD

23 SEC. 121. (a) Section 301 of the Stewart B. McKin-
 24 ney Homeless Assistance Act is amended—

25 (1) by striking the second sentence of sub-
 26 section (a);

1 (2) by striking the first and second sentences of
2 subsection (b) and inserting in lieu thereof the fol-
3 lowing: “The National Board shall consist of the
4 Secretary and six members. The Secretary shall ap-
5 point members to vacancies on the National Board
6 existing on, or occurring after, the effective date of
7 this sentence.”;

8 (3) in subsection (c), by striking “Director”
9 and inserting in lieu thereof “Secretary”; and

10 (4) by striking subsection (e).

11 (b) Section 303 of such Act is amended—

12 (1) by striking “FEDERAL EMERGENCY MAN-
13 AGEMENT AGENCY” in the section heading and sub-
14 section (b)(1) and inserting in lieu thereof “DEPART-
15 MENT OF HOUSING AND URBAN DEVELOPMENT”;
16 and

17 (2) by striking “Director” each place it appears
18 and inserting in lieu thereof “Secretary”.

19 (c) Section 311 of such Act is amended by striking
20 “DIRECTOR” in the section heading and in the first sen-
21 tence and inserting in lieu thereof “SECRETARY”.

22 (d) Section 321(l) of such Act is amended to read
23 as follows:

24 “(l) The term ‘Secretary’ means the Secretary
25 of Housing and Urban Development.”.

1 (e) Section 322 of such Act is amended to read as
 2 follows:

3 **“SEC. 322. AUTHORIZATION OF APPROPRIATIONS.**

4 “There are authorized to be appropriated to carry out
 5 this title \$130,000,000 for fiscal year 1995 and
 6 \$130,000,000 for fiscal year 1996.”.

7 (f) The amendments made by the preceding provi-
 8 sions of this section shall become effective on the later of
 9 October 1, 1994, or the date of enactment of this Act.

10 TITLE II—PUBLIC AND INDIAN HOUSING;

11 CROSS-CUTTING AUTHORIZATIONS

12 Subtitle A—Enhance Flexibility for Public Housing
 13 Agencies

14 DIRECT LOANS FOR MODERNIZATION AND REPLACEMENT

15 SEC. 201. The United States Housing Act of 1937
 16 is amended by adding the following new section at the end
 17 of title I:

18 **“SEC. 27. DIRECT LOANS FOR MODERNIZATION AND RE-**
 19 **PLACEMENT.**

20 “(a) GENERAL AUTHORIZATION.—The Secretary is
 21 authorized, upon such terms and conditions as the Sec-
 22 retary may prescribe, to make loans to public housing
 23 agencies eligible for comprehensive modernization grants
 24 under section 14 for purposes of financing activities eligi-
 25 ble for comprehensive modernization grants under that

1 section, except for upgrading the management and oper-
2 ation of low-rent public housing projects.

3 “(b) TERMS AND CONDITIONS.—

4 “(1) CRITERIA FOR APPROVAL.—In determining
5 whether, or in what amount, to approve an applica-
6 tion for a loan under this section, the Secretary may
7 consider—

8 “(A) the ability of the agency to use funds
9 effectively, directly or through contract manage-
10 ment;

11 “(B) the adequacy of remaining future al-
12 locations in providing repairs, replacements,
13 and improvements which will be needed as a re-
14 sult of usage and depreciation of existing
15 projects over the loan period; and

16 “(C) such other criteria as the Secretary
17 may specify.

18 “(2) SPECIAL CONDITIONS.—Notwithstanding
19 paragraph (1), the Secretary may approve a loan
20 under this section only if the Secretary determines
21 that the public housing agency has an acceptable
22 rate of obligation of funds under section 14, or the
23 public housing agency agrees to administer the loan
24 proceeds through contract management.

1 “(3) LIMITATIONS ON DENIAL.—The Secretary
2 may not deny a loan under this section on the basis
3 of the proposed repayment period for the loan, un-
4 less the period is more than 10 years or the Sec-
5 retary determines that the period otherwise causes
6 the loan to constitute an unacceptable financial risk.

7 “(4) TERM OF LOAN.—Loans under this section
8 shall be for a term not to exceed 10 years.

9 “(5) INTEREST RATE.—Loans under this sec-
10 tion shall bear an interest rate determined by the
11 Secretary of the Treasury, taking into consideration
12 the current market yields on outstanding marketable
13 obligations of the United States with remaining
14 terms to maturities comparable to the average matu-
15 rities of loans under this section, plus amounts suffi-
16 cient to cover servicing costs.

17 “(6) PROHIBITION AGAINST SUBORDINATION.—
18 Loans under this section shall not be subordinated
19 to other debt contracted by the public housing agen-
20 cy or to any other claim against the agency.

21 “(7) SUBSIDY AMOUNT.—Based on the strength
22 of the guarantees by the State or unit of general
23 local government, pledges of financial assets, tax
24 revenues, and payments from other sources (non-
25 Federal or Federal), and the public housing agency’s

1 pledged sources of repayments (including rents and
2 other anticipated income streams (Federal or non-
3 Federal)), the Secretary shall establish a subsidy
4 cost, as defined by the Federal Credit Reform Act
5 of 1990, for each loan to an agency. The subsidy
6 shall be calculated by the Office of Management and
7 Budget in consultation with the Secretary, as di-
8 rected by section 503(a) of the Federal Credit Re-
9 form Act, consistent with the technical assumptions
10 contained in the President's Budget to assure that
11 it is fully offset by the premium amount and that
12 the resulting net subsidy cost to the Federal Govern-
13 ment is zero.

14 “(8) PREMIUM AMOUNT.—A premium amount
15 shall be assessed to cover the subsidy amount associ-
16 ated with each loan. This premium shall be paid
17 from the amount the public housing agency received
18 under the comprehensive grant program under sec-
19 tion 14 in the year the loan is originated.

20 “(c) FUNDING AND BORROWING AUTHORIZATION.—
21 There are authorized to be appropriated such sums as may
22 be necessary for each of fiscal years 1995 and 1996 for
23 the cost to the government, as defined in section 502 of
24 the Congressional Budget Act, of loans under this section.
25 To the extent provided in appropriation Acts, the Sec-

1 retary may enter into commitments to make loans under
2 this section with an aggregate principal amount of
3 \$2,000,000,000 for fiscal year 1995 and \$2,000,000,000
4 for fiscal year 1996.

5 “(d) LOAN LIMIT.—No loan may be made under this
6 section if the total outstanding loans under this section
7 made to a public housing agency (excluding any amount
8 repaid) would thereby exceed an amount prescribed by the
9 Secretary, but not to exceed 5 times the amount of the
10 public housing agency’s latest comprehensive moderniza-
11 tion grant under section 14.

12 “(e) USE OF COMPREHENSIVE GRANTS.—Notwith-
13 standing any other provision of this title, comprehensive
14 modernization grants or allocations under this title to the
15 public housing agency (including program income derived
16 therefrom) are authorized for use by the public housing
17 agency or by the Secretary for the payment of principal
18 and interest, and fees, due on the loans under this section.

19 “(f) FEES AND PREMIUMS.—The Secretary is au-
20 thorized to charge such fees and premiums as the Sec-
21 retary determines necessary to cover the cost, as defined
22 by the Federal Credit Reform Act of 1990, to the Federal
23 Government with respect to any loan made under this
24 section.

1 “(g) PROGRAM REQUIREMENTS.—To assure the full
2 repayment of loans made under this section, as well as
3 the payment of any fees and premiums charged in connec-
4 tion with the loans, and as a prior condition for receiving
5 the loans, the Secretary shall require—

6 “(1) the public housing agency to—

7 “(A) enter into a contract, in a form ac-
8 ceptable to the Secretary, for repayment of the
9 loans and the other specified charges;

10 “(B) pledge for repayment of the loan any
11 amount received under the comprehensive grant
12 program under section 14 or grant for which
13 the public housing agency may become eligible
14 under this title and other financial resources,
15 including rental and other public housing agen-
16 cy income; however, in no case may a loan be
17 granted if the only pledged source of repayment
18 is amounts received under the comprehensive
19 grant program under section 18; and

20 “(C) furnish, at the discretion of the Sec-
21 retary, such other security as may be deemed
22 appropriate by the Secretary in making such
23 loans, which may include public housing
24 projects, accounts, or other land or housing

1 owned by the agency or the proceeds of disposi-
2 tion thereof; and

3 “(2) the State or unit of general local govern-
4 ment in which the public housing agency is located
5 to enter into a contract in a form acceptable to the
6 Secretary under which the jurisdiction shall pledge
7 its financial assets, tax revenues, and other Federal
8 payments, including amounts from present and fu-
9 ture allocations under title I of the Housing and
10 Community Development Act of 1974, as collateral
11 for repayment of some portion of the loan. In the
12 event of default, the State or unit of general local
13 government shall pay a share of the remaining un-
14 paid debt service proportional to its pledge.

15 “(h) APPLICATION OF PLEDGED AMOUNTS.—Not-
16 withstanding any other provision of Federal, State, or
17 local law, the Secretary is authorized to apply allocations,
18 grants, and sums from other sources pledged under this
19 section to any remaining debt service due the United
20 States as a result of such loans.

21 “(i) PROGRAM ADMINISTRATION.—The Secretary
22 shall monitor the use of loans under this section by public
23 housing agencies. If the Secretary finds that 50 percent
24 of the annual loan authority has been committed, or public

1 housing agencies have applied for such commitments, the
2 Secretary may—

3 “(1) impose limitations on the amount of loans
4 any public housing agency may receive in any fiscal
5 year; or

6 “(2) request the enactment of legislation in-
7 creasing the aggregate limitation on loans under this
8 section.

9 “(j) TRAINING AND INFORMATION.—The Secretary
10 may carry out training and information collection and dis-
11 semination activities in support of this section using funds
12 otherwise set aside for technical assistance under section
13 14.”.

14 USE OF MODERNIZATION FUNDS FOR REPLACEMENT
15 HOUSING

16 SEC. 202. Section 14 of the United States Housing
17 Act of 1937 is amended by adding the following new sub-
18 section at the end thereof:

19 “(q) A public housing agency may use assistance
20 under this section for the development of additional hous-
21 ing under this Act, in accordance with requirements appli-
22 cable to the development of public housing, and for 15-
23 year project-based assistance and 5-year tenant-based as-
24 sistance, in accordance with section 8, to provide replace-
25 ment housing as required by section 18.”.

1 FACILITATE USE OF PUBLIC-PRIVATE PARTNERSHIPS IN
2 MODERNIZING PUBLIC HOUSING

3 SEC. 203. Section 14(c)(1) of the United States
4 Housing Act of 1937 is amended by inserting before the
5 semicolon the following: “or, as determined by the Sec-
6 retary, controlled by the agencies”.

7 MODIFICATION OF THE EARLY CHILDHOOD
8 DEVELOPMENT PROGRAM

9 Sec. 204. (a) The heading for section 222 of the
10 Housing and Urban-Rural Recovery Act of 1983 is
11 amended to read as follows: “EARLY CHILDHOOD DEVEL-
12 OPMENT PROGRAMS FOR PUBLIC HOUSING RESIDENTS
13 AND HOMELESS FAMILIES”.

14 (b) Section 222(b)(1) of such Act is amended by in-
15 serting before the semicolon the following: “, except that
16 the Secretary may make a grant to provide additional as-
17 sistance for an existing child care center assisted under
18 this section or to expand an existing child care center re-
19 gardless of whether or not such center was previously as-
20 sisted under this section”.

21 (c) Section 222 of such Act is amended—

22 (1) in subsection (a)(1), by inserting before the
23 period the following: “(including, for purposes of
24 this section, homeless families with children, as de-
25 fined by the Secretary)”; and

1 (2) by redesignating paragraphs (2) and (3) of
2 subsection (c) as paragraphs (3) and (4), and insert-
3 ing after paragraph (1) the following new para-
4 graph:

5 “(2) take into account the proximity of home-
6 less facilities to the proposed site at which the serv-
7 ices are proposed to be provided;”.

8 (d) Section 222(g) of such Act is amended by striking
9 the first two sentences and inserting in lieu thereof the
10 following: “There are authorized to be appropriated to
11 carry out this section \$35,000,000 for fiscal year 1995
12 and \$35,000,000 for fiscal year 1995 and \$35,000,000 for
13 fiscal year 1996.”.

14 ENTREPRENEURIAL PHAS AND RMCS

15 SEC. 205. (a) The Secretary may authorize public
16 housing agencies and resident management corporations
17 to conduct demonstrations that—

18 (1) test the extent to which aspects of the public
19 housing program may be exempt from certain statu-
20 tory requirements while continuing to serve eligible
21 families, and

22 (2) permit agencies and RMCs to set policies
23 for the operation, maintenance, management, and
24 development (including modernization) of one or
25 more projects, without regard to the requirements
26 applicable to public housing in the 1937 Act. In es-

1 tablishing these policies, agencies and RMCs shall be
2 bound by any applicable State or local law. A dem-
3 onstration may be approved for a term of up to 5
4 years.

5 (b) The Secretary may waive requirements of the
6 1937 Act that the Secretary determines are not consistent
7 with the purposes of a demonstration, except require-
8 ments—

9 (1) limiting occupancy to low-income families,
10 as defined in section 3 of the 1937 Act;

11 (2) under section 18 of that Act requiring re-
12 placement of units in the case of demolition or dis-
13 position (except that the limitation on the use of
14 tenant-based assistance to applications proposing
15 demolition or disposition of 200 or more units may
16 be waived); and

17 (3) relating to labor standards.

18 The Secretary may also waive any other statutory require-
19 ments that apply to the project and that the Secretary
20 determines are not consistent with the purposes of a dem-
21 onstration, except that the Secretary may not waive the
22 Uniform Relocation Assistance and Real Property Acquisi-
23 tion Policies Act of 1970 or any statutory requirements
24 pertaining to equal opportunity or nondiscrimination or
25 the environment.

1 (c) The Secretary may select a total of up to 25 pub-
2 lic housing agencies or RMCs (or a combination of both)
3 to carry out up to 25 demonstrations under this section.
4 The Secretary shall select agencies based on selection cri-
5 teria including such factors as—

6 (1) the need for a range of project sizes;

7 (2) the need for a range of types of public hous-
8 ing agencies and RMCs; and

9 (3) the potential effects and benefits the vari-
10 ations proposed by the agency or RMC could have
11 on the public housing program if the variations were
12 adopted for the whole program.

13 (d) Each demonstration under this section shall—

14 (1) be approved personally by the Secretary;

15 (2) taken as a whole over the life of the dem-
16 onstration, not result in higher costs to the Federal
17 Government;

18 (3) be consistent with the overall purposes of
19 the public housing program;

20 (4) be evaluated by an independent party; and

21 (5) be consistent with the Fair Housing Act,
22 title VI of the Civil Rights Act of 1964, section 504
23 of the Rehabilitation Act of 1973, the Age Discrimi-
24 nation Act of 1975, and the National Environmental
25 Policy Act of 1969.

1 (e) In approving a demonstration under this section,
2 the Secretary may impose such requirements as the Sec-
3 retary considers to be appropriate to further its purposes.

4 (f) For each demonstration site, the agency or RMC
5 carrying out the demonstration shall submit an annual
6 progress report to the Secretary. The Secretary shall sub-
7 mit a report to Congress within 1 year after completion
8 of the demonstration, describing the results of the dem-
9 onstration and making any recommendations for legisla-
10 tion.

11 (g) There is authorized to be appropriated
12 \$1,000,000 for the evaluation of demonstrations under
13 this section.

14 (h) As used in this section:

15 (1) “Secretary” means the Secretary of Hous-
16 ing and Urban Development.

17 (2) “1937 Act” means the United States Hous-
18 ing Act of 1937.

19 (3) “Public housing agency” or “agency”
20 means a public housing agency, as defined in section
21 3(b)(6) of the 1937 Act. The term includes Indian
22 housing authorities.

23 (4) “Resident management corporation” or
24 “RMC” means a resident management corporation

1 established in accordance with requirements of the
2 Secretary under section 20 of the 1937 Act.

3 DISALLOWANCE OF EARNED INCOME FOR RESIDENTS
4 WHO OBTAIN EMPLOYMENT

5 SEC. 206. (a) DISALLOWANCE OF EARNED INCOME
6 FROM PUBLIC HOUSING RENT DETERMINATIONS.—

7 (1) IN GENERAL.—Section 3 of the United
8 States Housing Act of 1937 is amended by striking
9 the undesignated paragraph at the end thereof and
10 inserting in lieu thereof the following new sub-
11 section:

12 “(d) DISALLOWANCE OF EARNED INCOME FROM
13 PUBLIC HOUSING RENT DETERMINATIONS.—Notwith-
14 standing any other provision of law, the rent payable
15 under subsection (a) for any public housing unit by a fam-
16 ily whose income increases as a result of employment of
17 a member of the family who was previously unemployed
18 for one or more years (including a family whose income
19 increases as a result of the participation of a family mem-
20 ber in the Family Self-Sufficiency program or other job-
21 training program) may not be increased for a period of
22 18 months, beginning with the commencement of employ-
23 ment as a result of the increased income due to such em-
24 ployment. After the expiration of the 18-month period,
25 rent increases due to the continued employment of such
26 a family member shall be limited to 10 percent per year.

1 In no case shall rent exceed the amount determined under
2 subsection (a).”.

3 (2) APPLICABILITY OF AMENDMENT.—Notwith-
4 standing the amendment made by paragraph (1),
5 any resident of public housing participating in the
6 program under the authority contained in the undes-
7 ignated paragraph at the end of section 3(c)(3) of
8 the United States Housing Act of 1937, as such
9 paragraph existed before the date of enactment of
10 this Act, shall continue to be governed by such au-
11 thority.

12 (b) REPEALER.—Section 957 of the Cranston-Gon-
13 zalez National Affordable Housing Act is hereby repealed.

14 CEILING RENTS BASED ON REASONABLE RENTAL VALUE

15 SEC. 207. (a) Section 3(a)(2)(A)(iii) of the United
16 States Housing Act of 1937 is amended to read as follows:

17 “(iii) is not less than the reasonable rental
18 value of the unit, as determined by the Sec-
19 retary.”.

20 (b) REGULATIONS.—

21 (1) IN GENERAL.—The Secretary shall, by reg-
22 ulation, after notice and an opportunity for public
23 comment, establish such requirements as may be
24 necessary to carry out the provisions of section
25 3(a)(2)(A) of the United States Housing Act of
26 1937, as amended by subsection (a).

1 (2) TRANSITION RULE.—Prior to the issuance
 2 of final regulations under paragraph (1), a public
 3 housing agency may implement ceiling rents which
 4 shall be—

5 (A) determined in accordance with section
 6 3(a)(2)(A) of the United States Housing Act of
 7 1937, as such section existed before the date of
 8 enactment of this Act; or

9 (B) equal to the 95th percentile of the rent
 10 paid for a unit of comparable size by tenants in
 11 the same project or a group of comparable
 12 projects totaling 50 units or more.

13 AUTHORIZATION TO SELL PUBLIC HOUSING TO NON-
 14 PROFIT ORGANIZATIONS

15 SEC. 208. The first sentence of section 5(h) of the
 16 United States Housing Act of 1937 is amended by striking
 17 “lower income tenants” and inserting: “low-income fami-
 18 lies or to non-profit organizations for resale to low-income
 19 families”.

20 Subtitle B—Severely Distressed Public Housing Program
 21 REVITALIZATION OF SEVERELY DISTRESSED PUBLIC
 22 HOUSING

23 SEC. 211. (a) SEVERELY DISTRESSED PUBLIC
 24 HOUSING.—Section 24 of the United States Housing Act
 25 of 1937 is amended as provided by this subsection.

26 (1) DESIGNATION OF ELIGIBLE PROJECTS.—

1 (A) Subsection (b) is amended to read as
2 follows:

3 “(b) (RESERVED).”

4 (B) Subsection (i)(2) is hereby repealed
5 and the following paragraphs redesignated ac-
6 cordingly.

7 (2) INCREASE PLANNING GRANT DOLLAR
8 CAP.—Subsection (c)(2) is amended by striking
9 “\$200,000” and inserting “\$500,000”.

10 (3) PLANNING GRANT ELIGIBLE ACTIVITIES:
11 COMMUNITY SERVICE.—Subsection (c)(3) is amend-
12 ed by—

13 (A) inserting the following new subpara-
14 graph after subparagraph (D) and redesignat-
15 ing the following subparagraphs accordingly:

16 “(E) planning for community service and
17 support service activities to be carried out by
18 the public housing agency, residents, members
19 of the community, and other persons and orga-
20 nizations willing to contribute to the social, eco-
21 nomic, or physical improvement of the commu-
22 nity (community service is a required element of
23 the revitalization program);”; and

24 (B) in subparagraph (H), as redesignated,
25 by striking “designing a suitable replacement

1 housing plan” and inserting “designing suitable
2 relocation and replacement housing plans,”;

3 (4) PLANNING GRANT APPLICATION: COMMU-
4 NITY SERVICE.—Subsection (c)(4) is amended by in-
5 serting the following new subparagraphs after sub-
6 paragraph (C) and redesignating the following sub-
7 paragraphs accordingly:

8 “(D) a description of the community serv-
9 ice and support service planning activities to be
10 carried out by the public housing agency, resi-
11 dents, members of the community, and other
12 persons and organizations willing to contribute
13 to the social, economic, or physical improvement
14 of the community;”.

15 (5) PLANNING GRANT SELECTION CRITERIA:
16 NATIONAL GEOGRAPHIC DIVERSITY.—Subsection
17 (c)(5) is amended by—

18 (A) striking subparagraph (E) and redesign-
19 nating the following subparagraphs accordingly;

20 (B) in subparagraph (E), as redesignated,
21 by inserting before the semicolon “, taking into
22 account the condition of the stock of the public
23 housing agency as a whole”; and

24 (C) adding at the end the following: “In
25 making grants, under this subsection, the Sec-

retary may select a lower-rated, approvable application over a higher-rated application to increase the national geographic diversity among applications approved under this section.”.

(6) IMPLEMENTATION GRANT ELIGIBLE ACTIVITIES.—

(A) Subsection (d)(2) is amended by inserting the following new subparagraphs after subparagraph (D) and redesignating the following subparagraphs accordingly:

“(E) community service and support service activities to be carried out by the public housing agency, residents, members of the community, and other persons willing to contribute to the social, economic, or physical improvement of the community (community service is a required element of the revitalization program);

“(F) replacement of public housing units;”.

(B) Subsection (d)(2)(K), as redesignated by subparagraph (A) of this paragraph, is amended by—

(i) striking “15 percent” and inserting “20 percent”; and

(ii) inserting before the period of the following: “except that an amount equal to

1 15 percent of the amount of any grant
2 under this subsection used for support
3 services shall be contributed from non-Fed-
4 eral sources (which contribution shall be in
5 the form of cash, administrative costs, and
6 the reasonable value of in-kind contribu-
7 tions and may include funding under title
8 I of the Housing and Community Develop-
9 ment Act of 1974)’’.

10 (7) IMPLEMENTATION GRANT APPLICATIONS:
11 COMMUNITY SERVICE.—Subsection (d)(3) is amend-
12 ed by inserting the following new subparagraph after
13 subparagraph (C) and redesignating the following
14 subparagraphs accordingly:

15 “(D) a description of the community serv-
16 ice and support activities to be carried out by
17 the public housing agency, residents, members
18 of the community, and other persons and orga-
19 nizations willing to contribute to the social, eco-
20 nomic, or physical improvement of the commu-
21 nity;’’.

22 (8) IMPLEMENTATION GRANT SELECTION CRI-
23 TERIA: NATIONAL GEOGRAPHIC DIVERSITY.—Sub-
24 section (d)(4) is amended by—

1 (A) in subparagraph (D), by inserting
2 “(with assistance from the Department of
3 Housing and Urban Development if necessary)”
4 after “applicant”;

5 (B) striking subparagraph (E) and redesi-
6 gnating the following subparagraphs accord-
7 ingly;

8 (C) in subparagraph (E), as redesignated,
9 by inserting before the semicolon “, taking into
10 account the condition of the applicant’s stock as
11 a whole”; and

12 (D) adding at the end the following: “In
13 making grants, under this subsection, the Sec-
14 retary may select a lower-rated, approvable ap-
15 plication over a higher-rated application to in-
16 crease the national geographic diversity among
17 applications approved under this section.”.

18 (9) EXCEPTIONS TO GENERAL PROGRAM RE-
19 QUIREMENTS.—Subsection (e) is amended by adding
20 at the end the following new paragraph:

21 “(3) DEMOLITION AND REPLACEMENT.—

22 “(A) IN GENERAL.—Notwithstanding any
23 other applicable law or regulation, a revitaliza-
24 tion plan under this section may include demoli-
25 tion and replacement on site or in the same

1 neighborhood if the number of replacement
2 units provided in the same neighborhood is
3 fewer than the number of units demolished as
4 a result of the revitalization effort.

5 “(B) TENANT-BASED ASSISTANCE.—Not-
6 withstanding the limitations contained in sub-
7 paragraph (A)(v) or (C) of section 18(b) (3), a
8 public housing agency may replace not more
9 than one-third of the units demolished or dis-
10 posed of through a revitalization project under
11 this section with tenant-based assistance under
12 section 8.”.

13 (10) DEFINITIONS.—(A) Subsection (h)(5) is
14 amended to read as follows:

15 “(5) SEVERELY DISTRESSED PUBLIC HOUS-
16 ING.—The term ‘severely distressed public housing’
17 means a public housing project or a building in a
18 project—

19 “(A) that requires major redesign, recon-
20 struction, redevelopment, or partial or total
21 demolition to correct serious deficiencies in the
22 original design (including inappropriately high
23 population density), deferred maintenance,
24 physical deterioration or obsolescence of major

1 systems, and other deficiencies in the physical
2 plant of the project; and

3 “(B) that either—

4 “(i)(I) is occupied predominantly by
5 families with children that have extremely
6 low incomes, high rates of unemployment,
7 and extensive dependency on various forms
8 of public assistance; and

9 “(II) has high rates of vandalism and
10 criminal activity (including drug-related
11 criminal activity); or

12 “(ii) that has a vacancy rate, as deter-
13 mined by the Secretary, of 50 percent or
14 more; and

15 “(C) that cannot be revitalized through as-
16 sistance under other programs, such as the pro-
17 grams under sections 9 and 14, or through
18 other administrative means because of the inad-
19 equacy of available funds; and

20 “(D) that in the case of individual build-
21 ings, the building is, in the Secretary’s deter-
22 mination, sufficiently separable from the re-
23 mainder of the project to make use of the build-
24 ing feasible for purposes of this section.”.

1 (B) Subsection (h) is amended by adding the
2 following new paragraphs at the end thereof:

3 “(6) COMMUNITY SERVICE.—The term ‘commu-
4 nity service’ means services provided on a volunteer
5 basis for the social, economic, or physical improve-
6 ment of the community to be served.

7 “(7) SUPPORT SERVICES.—The term ‘support
8 services’ includes all activities designed to lead to-
9 ward upward mobility, self-sufficiency, and improved
10 quality of life for the residents of the project, such
11 as literacy training, job training, day care, and eco-
12 nomic development. Such activities may allow for the
13 participation of residents of the neighborhood.”.

14 (b) CONFORMING AMENDMENT.—The first sentence
15 of section 25(m)(1) of the United States Housing Act of
16 1937 is amended to read as follows: “The term ‘eligible
17 housing’ means a public housing project, or one or more
18 buildings within a project, that is owned or operated by
19 a troubled public housing agency that has been troubled
20 for not less than 3 years and that, as determined by the
21 Secretary, has failed to make substantial progress toward
22 effective management.”.

23 (c) USE OF TENANT-BASED ASSISTANCE FOR RE-
24 PLACEMENT HOUSING.—Section 18(b)(3)(C)(i) of the

1 United States Housing Act of 1937 is amended by striking
2 “15-year”.

3 (d) REPLACEMENT HOUSING OUTSIDE THE JURIS-
4 DICTION OF THE PHA.—Section 18(b)(3) of such Act is
5 amended by inserting the following new subparagraph
6 after subparagraph (C), and redesignating the following
7 subparagraphs accordingly:

8 “(D) may provide that all or part of such addi-
9 tional dwelling units may be located outside the ju-
10 risdiction of the public housing agency (the ‘original
11 agency’) if—

12 “(i) the location is in the same housing
13 market area as the original agency, as deter-
14 mined by the Secretary;

15 “(ii) the plan contains an agreement be-
16 tween the original agency and the public hous-
17 ing agency in the alternate location or other
18 public or private entity that will be responsible
19 for providing the additional units in the alter-
20 nate location (‘alternate agency or entity’) that
21 the alternate agency or entity will, with respect
22 to the dwelling units involved—

23 “(I) provide the dwelling units in ac-
24 cordance with subparagraph (A);

1 “(II) complete the plan on schedule in
2 accordance with subparagraph (E);

3 “(III) meet the requirements of sub-
4 paragraph (F) of this paragraph and the
5 maximum rent provisions of subparagraph
6 (G); and

7 “(IV) not impose a local residency
8 preference on any resident of the jurisdic-
9 tion of the original agency for purposes of
10 admission to any such units; and

11 “(iii) the arrangement is approved by the
12 unit of general local government for the juris-
13 diction in which the additional units will be lo-
14 cated.”.

15 MODERNIZATION PROGRAM RESERVE FUNDS

16 SEC. 212. The first sentence of section 14(k)(1) of
17 the United States Housing Act of 1937 is amended by
18 inserting before the period the following: “and for mod-
19 ernization needs in connection with the settlement of liti-
20 gation and desegregation of public housing.”.

21 ELIGIBILITY OF SEVERELY DISTRESSED PUBLIC HOUSING
22 FOR PUBLIC HOUSING OPERATING SUBSIDIES

23 SEC. 213. Section 9(a)(2) of the United States Hous-
24 ing Act of 1937 is amended—

25 (1) by inserting immediately after “one” the
26 following: “that is (A)”; and

15 SEC. 214. Notwithstanding any provisions of the
16 United States Housing Act of 1937, with respect to a pub-
17 lic housing project that has been selected for funding
18 under section 24 of such Act or through the Urban Revi-
19 talization Demonstration program included in the Depart-
20 ments of Veterans Affairs and Housing and Urban Devel-
21 opment, and Independent Agencies Appropriation Act,
22 1993 (Public Law 102-389) or the Departments of Veter-
23 ans Affairs and Housing and Urban Development, and
24 Independent Agencies Appropriation Act, 1994 (Public
25 Law 103-124) and that has an approved comprehensive

1 plan under section 14 of the United States Housing Act
2 of 1937—

3 (1) the Secretary may exempt such projects
4 from any requirements of the United States Housing
5 Act of 1937 and may establish such requirements as
6 the Secretary deems appropriate for any activities
7 funded under section 24 or through the Urban Revi-
8 talization Demonstration program and for any other
9 activities undertaken at the project pursuant to the
10 approved comprehensive plan and contributing to the
11 revitalization, including activities relating to demoli-
12 tion, modernization reconstruction, site improve-
13 ments, and replacement of housing; however, in no
14 event may the Secretary waive, or specify alternative
15 requirements for, statutory requirements related to
16 nondiscrimination, fair housing, labor standards, the
17 environment, or the Uniform Relocation Assistance
18 and Real Property Acquisition Policies Act of 1970;

19 (2) for the replacement of public housing units
20 either on the site of such a project or on other sites,
21 the Secretary may establish such standards as the
22 Secretary deems appropriate with respect to the as-
23 sessment of racial and socio-economic information
24 relevant to the placement of public housing units on
25 the site; and

1 (3) for such a revitalized project, the Secretary
 2 may establish such requirements as the Secretary
 3 deems appropriate with respect to income eligibility,
 4 the selection of tenants, the establishment of rents,
 5 and for the operation and management of the
 6 projects.

7 Subtitle C—Anti-Crime Initiatives

8 COMMUNITY PARTNERSHIPS AGAINST CRIME

9 SEC. 221. (a) CONFORMING PROVISIONS.—Section
 10 5001 of the Anti-Drug Abuse Act of 1988 is amended in
 11 the table of contents—

12 (1) by striking the item relating to the heading
 13 for chapter 2 and inserting the following:

 “CHAPTER 2—COMMUNITY PARTNERSHIPS AGAINST CRIME”;

14 (2) by striking the item relating to section 5122
 15 and inserting the following:

 “Sec. 5122. Purposes.”;

16 and

17 (3) by adding the following after the item relat-
 18 ing to section 5130:

 “Sec. 5131. Technical assistance.”.

19 (b) SHORT TITLE, PURPOSES, AND AUTHORITY TO
 20 MAKE GRANTS.—The Public and Assisted Housing Drug
 21 Elimination Act of 1990 is amended by striking the chap-
 22 ter heading for chapter 2, and by striking sections 5121,
 23 5122, and 5123, and inserting the following:

1 **“CHAPTER 2—COMMUNITY**
2 **PARTNERSHIPS AGAINST CRIME**

3 **“SEC. 5121. SHORT TITLE.**

4 “‘This chapter may be cited as the ‘Community Part-
5 nerships Against Crime Act of 1994’.

6 **“SEC. 5122. PURPOSES.**

7 “‘The purposes of this chapter are to—

8 “(1) improve the quality of life for law-abiding
9 public housing residents by reducing the levels of
10 fear, violence, and crime in their communities;

11 “(2) expand and enhance the Federal Govern-
12 ment’s commitment to eliminating crime in public
13 housing;

14 “(3) broaden the scope of the Public and As-
15 sisted Housing Drug Elimination Act of 1990 to
16 apply to all types of crime, and not simply crime
17 that is drug-related;

18 “(4) target opportunities for long-term commit-
19 ments of funding primarily to public housing agen-
20 cies with serious crime problems;

21 “(5) encourage the involvement of a broad
22 range of community-based groups, and residents of
23 neighboring housing that is owned or assisted by the
24 Secretary, in the development and implementation of
25 anti-crime plans;

1 “(6) reduce crime and disorder in and around
2 public housing through the expansion of community-
3 oriented policing activities and problem solving;

4 “(7) provide training, information services, and
5 other technical assistance to program participants;
6 and

7 “(8) establish a standardized assessment sys-
8 tem to evaluate need among public housing agencies,
9 and to measure progress in reaching crime reduction
10 goals.

11 **“SEC. 5123. AUTHORITY TO MAKE GRANTS.**

12 “The Secretary of Housing and Urban Development,
13 in accordance with the provisions of this chapter, may
14 make grants, for use in eliminating crime in and around
15 public and other federally assisted low-income housing
16 projects (1) to public housing agencies (including Indian
17 housing authorities), and (2) to private, for-profit, and
18 non-profit owners of federally assisted low-income housing.
19 In designing the program, the Secretary shall consult with
20 the Attorney General.”.

21 (c) ELIGIBLE ACTIVITIES.—(1) Section 5124(a) of
22 the Public and Assisted Housing Drug Elimination Act
23 of 1990 is amended—

1 (A) in the introductory material preceding para-
2 graph (1), by inserting “and around” after “used
3 in”;

4 (B) in paragraph (3), by inserting “, such as
5 fencing, lighting, locking, and surveillance systems”
6 before the semicolon;

7 (C) in paragraph (4), by striking subparagraph
8 (A) and inserting the following new subparagraph:

9 “(A) to investigate crime; and”;

10 (D) in paragraph (6)—

11 (i) by striking “in and around public or
12 other federally assisted low-income housing
13 projects”; and

14 (ii) by striking “and” after the semicolon;

15 (E) in paragraph (7)—

16 (i) by striking “where a public housing
17 agency receives a grant,”;

18 (ii) by striking “drug abuse” and inserting
19 “crime”; and

20 (iii) by striking the period at the end and
21 inserting a semicolon; and

22 (F) by adding at the end the following new
23 paragraphs:

24 “(8) the employment or utilization of one or
25 more individuals, including law enforcement officers,

1 made available by contract or other cooperative ar-
2 rangement with State or local law enforcement agen-
3 cies, to engage in community policing involving
4 interaction with members of the community on
5 proactive crime control and prevention;

6 “(9) youth initiatives, such as activities involv-
7 ing training, education, after school programs, cul-
8 tural programs, recreation and sports, career plan-
9 ning, and entrepreneurship and employment; and

10 “(10) resident services programs, such as job
11 training, education programs, drug and alcohol
12 treatment, and other appropriate social services that
13 address the contributing factors of crime.”.

14 (2) Section 5124(b) of such Act is amended by strik-
15 ing “(7)” and inserting in lieu thereof “(10)”.

16 (d) APPLICATIONS.—Section 5125 of the Public and
17 Assisted Housing Drug Elimination Act of 1990 is amend-
18 ed—

19 (1) in subsection (a)—

20 (A) by striking “To receive a grant” and
21 inserting the following:

22 “(1) APPLICATIONS.—To receive a grant”;

23 (B) in the second sentence, by striking
24 “drug-related crime on the premises of” and in-

1 serting the following: “crime in and around”;
2 and

3 (C) by adding at the end the following new
4 paragraphs:

5 “(2) ONE-YEAR RENEWABLE GRANTS.—

6 “(A) IN GENERAL.—Eligible applicants
7 may submit an application for a 1-year grant
8 under this chapter that, subject to the availabil-
9 ity of appropriated amounts, shall be renewed
10 annually for a period of not more than 4 years,
11 if the Secretary finds, after an annual or more
12 frequent performance review, that the public
13 housing agency is performing under the terms
14 of the grant and applicable laws in a satisfac-
15 tory manner and meets such other requirements
16 as the Secretary may prescribe.

17 “(B) PREFERENCE.—The Secretary shall
18 accord a preference to applicants for grants
19 under this paragraph if the grant is to be used
20 to continue or expand activities eligible for as-
21 sistance under this chapter that have received
22 previous assistance either under this chapter, as
23 it existed prior to the enactment of the Housing
24 Choice and Community Investment Act of
25 1994, or under section 14 of the United States

1 Housing Act of 1937. Such preference shall not
2 preclude the selection by the Secretary of other
3 meritorious applications, particularly applica-
4 tions which address urgent or severe crime
5 problems or which demonstrate especially prom-
6 ising approaches to reducing crime. Such pref-
7 erence shall not be construed to require con-
8 tinuation of activities determined by the Sec-
9 retary to be unworthy of continuation.

10 “(3) PUBLIC HOUSING AGENCIES THAT HAVE
11 ESPECIALLY SEVERE CRIME PROBLEMS.—The Sec-
12 retary shall, by regulation issued after notice and
13 opportunity for public comment, set forth criteria for
14 establishing a class of public housing agencies that
15 have especially severe crime problems. The Secretary
16 may allocate a portion of the annual appropriation
17 for this program for public housing agencies in this
18 class.”.

19 (2) in subsection (b)—

20 (A) by striking the introductory material
21 preceding paragraph (1) and inserting the fol-
22 lowing: “The Secretary shall approve applica-
23 tions under subsection (a)(2) that are not sub-
24 ject to a preference under subsection (a)(2)(B)
25 on the basis of—”;

1 (B) in paragraph (1), by striking “drug-re-
2 lated crime problem in” and inserting the fol-
3 lowing: “crime problem in and around”;

4 (C) in paragraph (2), by inserting imme-
5 diately after “crime problem in” the following:
6 “and around”; and

7 (D) in paragraph (4), by inserting after
8 “local government” the following: “, local com-
9 munity-based non-profit organizations, local
10 resident organizations that represent the resi-
11 dents of neighboring projects that are owned or
12 assisted by the Secretary,”;

13 (3) in subsection (c)(2), by striking “drug-relat-
14 ed” each place it appears; and

15 (4) by striking subsection (d).

16 (e) DEFINITIONS.—Section 5126 of the Public and
17 Assisted Housing Drug Elimination Act of 1990 is amend-
18 ed by striking paragraphs (1) and (2), and redesignating
19 paragraphs (3) and (4) as paragraphs (1) and (2), respec-
20 tively.

21 (f) IMPLEMENTATION.—Section 5127 of the Public
22 and Assisted Housing Drug Elimination Act of 1990 is
23 amended by striking “Cranston-Gonzalez National Afford-
24 able Housing Act” and inserting “Housing Choice and
25 Community Investment Act of 1994”.

1 (g) REPORTS.—Section 5128 of the Public and As-
2 sisted Housing Drug Elimination Act of 1990 is amend-
3 ed—

4 (1) by striking “The Secretary” and inserting
5 the following: “(a) GRANTEE REPORTS.—The Sec-
6 retary”;

7 (2) by striking “drug-related crime in” and in-
8 serting “crime in and around”; and

9 (3) by adding at the end the following new sub-
10 section:

11 “(b) HUD REPORTS.—The Secretary shall submit a
12 report to the Congress describing the system used to dis-
13 tribute funds to grantees under this section. Such report
14 shall include, at a minimum—

15 “(1) a description of the criteria used to estab-
16 lish the class of public housing agencies with espe-
17 cially severe crime problems and a list of such agen-
18 cies;

19 “(2) the methodology used to distribute funds
20 among the public housing agencies on the list cre-
21 ated under paragraph (1); and

22 “(3) the Secretary’s recommendations for any
23 change to the method of distribution of funds.”.

1 (h) AUTHORIZATION OF APPROPRIATIONS.—Section
2 5130 of the Public and Assisted Housing Drug Elimination Act of 1990 is amended—

4 (1) in the first sentence of subsection (a), by
5 striking “\$175,000,000 for fiscal year 1993” and all
6 that follows up to the period and inserting
7 “\$265,000,000 for fiscal year 1995, and
8 \$265,000,000 for fiscal year 1996”;

9 (2) in subsection (b)—

10 (A) in the heading, by striking “SET-
11 ASIDES” and inserting “SET-ASIDE”; and

12 (B) by striking the second sentence; and

13 (3) by adding at the end the following new sub-
14 section (d):

15 “(d) SET-ASIDE FOR PUBLIC/PRIVATE PARTNER-
16 SHIPS.—Of any amount made available in any fiscal year
17 to carry out this chapter, 2 percent of such amount shall
18 be available for contracts, grants, cooperative agreements,
19 or interagency agreements with public housing agencies
20 (including Indian housing authorities) and other public or
21 private organizations, to implement programs which in-
22 volve joint investment by the public and private sectors
23 to conduct activities designed to reduce crime and violence
24 in public housing. Such activities may include the creation

1 of pilot programs or the replication of successful existing
2 programs.”.

3 (i) REPEAL.—Section 520(k) of the Cranston-Gon-
4 zalez National Affordable Housing Act is hereby repealed.

5 (j) TECHNICAL ASSISTANCE.—The Public and As-
6 sisted Housing Drug Elimination Act of 1990 is further
7 amended by adding at the end the following new section:

8 **“SEC. 5131. TECHNICAL ASSISTANCE.**

9 “Of the amounts appropriated annually for each of
10 fiscal years 1995 and 1996 to carry out this chapter, the
11 Secretary shall use not more than \$10,000,000, directly
12 or indirectly, under grants, contracts, or cooperative
13 agreements, to provide training, information services, and
14 other technical assistance to public housing agencies and
15 other entities with respect to their participation in the pro-
16 gram authorized by this chapter. Such technical assistance
17 may include the establishment and operation of the clear-
18 inghouse on drug abuse in public housing and the regional
19 training program on drug abuse in public housing under
20 sections 5143 and 5144 of this Act. The Secretary is also
21 authorized to use the foregoing amounts for obtaining as-
22 sistance in establishing and managing assessment and
23 evaluation criteria and specifications, and obtaining the
24 opinions of experts in relevant fields.”.

1 AUTHORITY FOR ASSISTED HOUSING OWNERS AND
2 PUBLIC HOUSING AGENCIES TO BAN GUNS

3 SEC. 222. (a) The United States Housing Act of
4 1937, as amended by section 201, is amended by adding
5 at the end the following new section:

6 **“SEC. 28. AUTHORITY FOR PUBLIC HOUSING AGENCIES**
7 **AND OWNERS AND LESSORS OF ASSISTED**
8 **HOUSING TO BAN GUNS.**

9 “Notwithstanding any State or local law to the con-
10 trary, a public housing agency or other owner or lessor
11 of housing assisted under this Act may utilize leases which
12 ban the possession, use, and discharge of firearms in and
13 around the housing.”.

14 (b) Notwithstanding any State or local law to the con-
15 trary, the owner or lessor of any housing project assisted,
16 or financed with a mortgage insured, under a program of
17 the Secretary of Housing and Urban Development may
18 utilize leases which ban the possession, use, and discharge
19 of firearms in and around the project.

20 MAKE CRIMINAL RECORDS AVAILABLE FOR SCREENING
21 AND EVICTIONS

22 SEC. 223. Section 6 of the United States Housing
23 Act of 1937 is amended by inserting the following new
24 subsection at the end:

25 “(p) Notwithstanding any other provision of Federal,
26 State, or local law, the National Crime Information Cen-

1 ter, police departments, and any other law enforcement
 2 entities shall provide information to public housing agen-
 3 cies upon request regarding the criminal records of appli-
 4 cants for, or residents of, public housing for the purpose
 5 of applicant screening, lease enforcement, and eviction. An
 6 agency may pay a reasonable fee for such information.”.

7 Subtitle D—Authorizations and Extensions

8 LOW-INCOME HOUSING

9 SEC. 231. (a) AGGREGATE BUDGET AUTHORITY.—
 10 Section 5(c)(6) of the United States Housing Act of 1937
 11 (42 U.S.C. 1437c(c)(6)) is amended by adding at the end
 12 the following new sentence: “The aggregate amount of
 13 budget authority that may be obligated for assistance re-
 14 ferred to in paragraph (7) is increased (to the extent ap-
 15 proved in appropriation Acts) by at least \$14,024,876,000
 16 on October 1, 1994, and by at least \$6,388,276,000 on
 17 October 1, 1995.”.

18 (b) UTILIZATION OF BUDGET AUTHORITY.—Section
 19 5(c)(7) of the United States Housing Act of 1937 (42
 20 U.S.C. 1437c(c)(7)) is amended by striking the paragraph
 21 designation and all that follows through the end of sub-
 22 paragraph (B) and inserting the following:

23 “(7)(A) Using the additional budget authority
 24 provided under paragraph (6) and the balances of
 25 budget authority that become available during fiscal

1 year 1995, the Secretary shall, to the extent ap-
2 proved in appropriation Acts, reserve authority to
3 enter into obligations aggregating—

4 “(i) for public housing grants under sub-
5 section (a)(2), not more than \$413,000,000, of
6 which amount not more than \$263,000,000
7 shall be available for Indian housing;

8 “(ii) for assistance under section 8, not
9 more than \$2,743,000,000, of which
10 \$514,275,000 shall be available for 15-year
11 contracts for the Community Investment Dem-
12 onstration program under section 6 of the
13 HUD Demonstration Act of 1993,
14 \$514,275,000 shall be for homeless assistance
15 and \$171,425,000 shall be for assistance for
16 the disabled;

17 “(iii) for modernization grants under sec-
18 tion 14(k), not more than \$2,786,000,000, in-
19 cluding \$15,000,000 for training and technical
20 assistance;

21 “(iv) for assistance under section 8 for
22 loan management, not more than
23 \$150,000,000;

24 “(v) for extensions of contracts expiring
25 under section 8, \$5,092,000,000, which shall be

1 for contracts for assistance under section 8 and
2 vouchers under section 8(o) and for loan man-
3 agement assistance under such section;

4 “(vi) for amendments to contracts under
5 section 8, \$2,202,100,000;

6 “(vii) for adjustments to annual contribu-
7 tions contracts for the costs of providing service
8 coordinators under section 9(a)(1)(B)(2), not
9 more than \$30,000,000;

10 “(viii) for public housing lease adjust-
11 ments, \$21,900,000;

12 “(ix) for assistance under section 18(e) for
13 replacement housing for units demolished or
14 disposed of under section 18, and for eligible
15 tenants where project owners opt out of the sec-
16 tion 8 program, not more than \$82,916,000;

17 “(x) for conversions for leased housing
18 contracts under section 23 of this Act (as in ef-
19 fect immediately before the enactment of the
20 Housing and Community Development Act of
21 1974) to assistance under section 8, not more
22 than \$3,960,000; and

23 “(xi) for grants under section 24 for revi-
24 talization of severely distressed public housing,
25 not more than \$500,000,000.

1 “(B) Using the additional budget authority pro-
2 vided under paragraph (6) and the balances of budg-
3 et authority that become available during fiscal year
4 1996, the Secretary shall, to the extent approved in
5 appropriation Acts, reserve authority to enter into
6 obligations aggregating—

7 “(i) for public housing grants under sub-
8 section (a)(2), not more than \$413,000,000, of
9 which amount not more than \$263,000,000
10 shall be available for Indian housing;

11 “(ii) for assistance under section 8, not
12 more than \$2,811,500,000 of which
13 \$527,175,000 shall be available for 15-year
14 contracts for the Community Investment Dem-
15 onstration program under section 6 of the
16 HUD Demonstration Act of 1993,
17 \$527,175,000 shall be for homeless assistance
18 and \$175,725,000 shall be for assistance for
19 the disabled;

20 “(iii) for modernization grants under sec-
21 tion 14(k), not more than \$2,375,000,000 in-
22 cluding \$15,000,000 for training and technical
23 assistance;

1 “(iv) for assistance under section 8 for
2 loan management, not more than
3 \$150,000,000;

4 “(v) for extensions of contracts expiring
5 under section 8, such sums as may be nec-
6 essary, which shall be for contracts for assist-
7 ance under section 8 and vouchers under sec-
8 tion 8(o) and for loan management assistance
9 under such section;

10 “(vi) for amendments to contracts under
11 section 8, such sums as may be necessary;

12 “(vii) for adjustments to annual contribu-
13 tions contracts for the costs of providing service
14 coordinators under section 9(a)(1)(B)(ii), not
15 more than \$30,000,000;

16 “(viii) for public housing lease adjust-
17 ments, \$21,900,000;

18 “(ix) for assistance under section 18(e) for
19 replacement housing for units demolished or
20 disposed of under section 18, and for eligible
21 tenants where project owners opt out of the sec-
22 tion 8 program, not more than \$82,916,000;

23 “(x) for conversions from leased housing
24 contracts under section 23 of this Act (as in ef-
25 fect immediately before the enactment of the

1 Housing and Community Development Act of
 2 1974) to assistance under section 8, not more
 3 than \$3,960,000; and

4 “(xi) for grants under section 24 for revi-
 5 talization of severely distressed public housing,
 6 not more than \$500,000,000.”.

7 PUBLIC HOUSING OPERATING SUBSIDIES

8 SEC. 232. Section 9(c) of the United States Housing
 9 Act of 1937 (42 U.S.C. 1437g(c)) is amended—

10 (1) in paragraph (1), by striking “There” and
 11 all that follows and inserting the following new sen-
 12 tence: “There are authorized to be appropriated for
 13 purposes of providing annual contributions under
 14 this section \$2,496,000,000 for fiscal year 1995 and
 15 \$2,376,000,000 for fiscal year 1996.”;

16 (2) in paragraph (2), by striking “1993 and
 17 1994” and inserting “1995 and 1996”; and

18 (3) in paragraph (3), by striking “1993 and
 19 1994” and inserting “1995 and 1996”.

20 FAMILY SELF-SUFFICIENCY PROGRAM

21 SEC. 233. The last sentence of section 23(h)(2) of
 22 the United States Housing Act of 1937 (42 U.S.C.
 23 1437u(h)(2)) is amended to read as follows: “Of amounts
 24 appropriated under section 9(c), \$17,300,000 for fiscal
 25 year 1995 and \$17,732,000 for fiscal year 1996 are au-
 26 thorized to be used for costs under this paragraph.”.

1 PUBLIC HOUSING FAMILY INVESTMENT CENTERS

2 SEC. 234. Section 22(k) of the United States Hous-
3 ing Act of 1937 (42 U.S.C. 1437t(k)) is amended to read
4 as follows:

5 “(k) AUTHORIZATION OF APPROPRIATIONS.—There
6 are authorized to be appropriated to carry out this section
7 \$26,342,000 for fiscal year 1995 and \$27,001,000 for fis-
8 cal year 1996.”.

9 REVISED CONGREGATE SERVICES PROGRAM

10 SEC. 235. Section 802(n)(1) of the Cranston-Gon-
11 zalez National Affordable Housing Act (42 U.S.C.
12 8011(n)(1)) is amended by striking “\$25,000,000”
13 through “1992” and inserting in lieu thereof, “\$6,267,000
14 for fiscal year 1995”.

15 INDIAN HOUSING LOAN GUARANTEE PROGRAM

16 SEC. 236. (a) LIMITATION ON OUTSTANDING AGGRE-
17 GATE PRINCIPAL AMOUNT.—Section 184(i)(5)(C) of the
18 Housing and Community Development Act of 1992 (12
19 U.S.C. 1515z–13a(i)(5)(C)) is amended—

20 (1) by striking “fiscal years 1993 and 1994”
21 and inserting in lieu thereof “fiscal years 1995 and
22 1996”; and

23 (2) by striking “not exceeding” and all that fol-
24 lows, and inserting in lieu thereof, “not exceeding
25 \$22,388,000 for fiscal year 1995 and \$22,388,000

1 for fiscal year 1996, to the extent provided in appro-
2 priation Acts.”.

3 (b) AUTHORIZATION OF APPROPRIATIONS FOR GUAR-
4 ANTEE FUND.—Section 184(i)(7) of the Housing and
5 Community Development Act of 1992 (12 U.S.C. 1515z–
6 13a(i)(7)) is amended to read as follows:

7 “(7) AUTHORIZATION OF APPROPRIATIONS.—
8 There are authorized to be appropriated to the
9 Guarantee Fund to carry out this section
10 \$3,000,000 for fiscal year 1995 and \$3,000,000 for
11 fiscal year 1996.”.

12 Subtitle E—Applicability

13 APPLICABILITY OF PUBLIC HOUSING AMENDMENTS TO
14 INDIAN HOUSING

15 SEC. 241. (a) Section 201(b) of the United States
16 Housing Act of 1937 is amended to read as follows:

17 “(b) APPLICABILITY OF TITLE I.—Except as other-
18 wise provided by law, the provisions of title I shall apply
19 to low-income housing developed or operated pursuant to
20 a contract between the Secretary and an Indian housing
21 authority.”.

22 (b) The amendment made by subsection (a) shall not
23 affect provisions of the United States Housing Act of
24 1937 that were made applicable to public housing devel-
25 oped or operated pursuant to a contract between the Sec-

1 retary of Housing and Urban Development and an Indian
2 Housing Authority in accordance with section 201(b)(2)
3 of such Act, as it existed before the effective date of this
4 section.

5 (c) The provisions of section 955(b) of the Cranston-
6 Gonzalez National Affordable Housing Act, sections
7 103(a)(1), 112, 114, 116, 118, 903, and 927 of the Hous-
8 ing and Community Development Act of 1992, and sec-
9 tions 301, 302, 303, and 304 of the Multifamily Housing
10 Property Disposition Reform Act of 1994 shall also apply
11 to public housing developed or operated pursuant to a con-
12 tract between the Secretary of Housing and Urban Devel-
13 opment and an Indian Housing authority.

14 (d) The application of section 955(b) of the Cranston-
15 Gonzalez National Affordable Housing Act to public hous-
16 ing developed or operated pursuant to a contract between
17 the Secretary of Housing and Urban Development and an
18 Indian Housing Authority shall apply to any volunteer
19 services provided before, on, or after the date of enactment
20 of this Act, except that such application may not be con-
21 strued to require the repayment of any wages paid before
22 the date of enactment of this Act for services provided be-
23 fore such date.

1 TITLE III—HOMEOWNERSHIP; FHA MORTGAGE
2 INSURANCE AUTHORIZATIONS

3 Subtitle A—Expand Single Family Homeownership
4 Opportunities

5 SINGLE FAMILY MORTGAGE INSURANCE IN
6 REVITALIZATION AREAS

7 SEC. 301. (a) ESTABLISHMENT OF PROGRAM.—Title
8 II of the National Housing Act is amended by adding at
9 the end thereof the following new section:

10 “SINGLE FAMILY MORTGAGE INSURANCE IN
11 REVITALIZATION AREAS

12 “SEC. 256. (a) GENERAL AUTHORITY.—The Sec-
13 retary is authorized to insure mortgages in accordance
14 with the provisions of this section, and to make commit-
15 ments to insure such mortgages before the date of their
16 execution or disbursement thereon.

17 “(b) ELIGIBLE MORTGAGORS.—A mortgage may be
18 insured under this section only with respect to a mortga-
19 gor who—

20 “(1) has an income not exceeding 115 percent
21 of the median income for the area, as determined by
22 the Secretary with adjustments for smaller and larg-
23 er families, except that the Secretary may establish
24 income ceilings higher or lower than 115 percent of
25 the median for the area on the basis of the Sec-
26 retary’s findings that such variations are necessary

1 because of prevailing levels of construction costs or
2 unusually high or low family incomes and except
3 that no income ceiling may exceed 140 percent of
4 the median for the area;

5 “(2) is a first-time homebuyer, as defined in
6 section 104(14) of the Cranston-Gonzalez National
7 Affordable Housing Act;

8 “(3) will occupy the dwelling as his or her prin-
9 cipal residence;

10 “(4) has received such pre-purchase counseling
11 as the Secretary deems appropriate with respect to
12 the responsibilities and financial management in-
13 volved in homeownership;

14 “(5) has not previously been a mortgagor under
15 this section;

16 “(6) has assets not exceeding such amount as
17 the Secretary may prescribe; and

18 “(7) meets such other requirements as the Sec-
19 retary may prescribe.

20 “(c) ELIGIBLE MORTGAGES.—A mortgage may be in-
21 sured under this section only if the mortgage—

22 “(1) has been made to, and is held by, a mort-
23 gagee approved by the Secretary as responsible and
24 able to service the mortgage properly;

1 “(2) covers a one-family dwelling (including a
2 one-family unit in a condominium development and
3 shares representing a one-family unit in a coopera-
4 tive development) that is located in a revitalization
5 area which is—

6 “(A) an empowerment zone or enterprise
7 community approved under Subchapter U of
8 Chapter 1 of the Internal Revenue Code of
9 1986, or in an equivalent State-approved enter-
10 prise zone; or

11 “(B) an urban neighborhood that, in the
12 determination of the Secretary, is targeted by a
13 unit of general local government for revitaliza-
14 tion using coordinated affordable housing pro-
15 grams and enhanced supportive services;

16 “(3) involves a principal obligation (exclusive of
17 any charges and costs in connection with the loan,
18 including initial service charges and appraisal and
19 inspection fees) in an amount not exceeding the less-
20 er of—

21 “(A) \$67,500 or 75 percent of the maxi-
22 mum mortgage amount determined under sec-
23 tion 203(b)(2)(A), whichever is greater; or

24 “(B) 100 percent of the appraised value of
25 the property as of the date the mortgage is ac-

1 cepted for insurance: *Provided*, That in any
2 case where the dwelling is not approved for
3 mortgage insurance before the beginning of
4 construction, the mortgage may not exceed 90
5 percent of the appraised value of the property
6 as of the date the mortgage is accepted for in-
7 surance, unless—

8 “(i) the dwelling was completed more
9 than one year before the application for
10 mortgage insurance; or

11 “(ii) the dwelling was approved for
12 guaranty, insurance, or a direct loan under
13 chapter 37 of title 38, United States Code,
14 before the beginning of construction; or

15 “(iii) the dwelling is covered by a
16 consumer protection or warranty plan ac-
17 ceptable to the Secretary and satisfies all
18 requirements that would have been applica-
19 ble if the dwelling had been approved for
20 mortgage insurance before the beginning of
21 construction.

22 “(4) has a maturity satisfactory to the Sec-
23 retary, but not to exceed 30 years from the date of
24 the beginning of amortization of the mortgage;

1 “(5) contains complete amortization provisions
2 satisfactory to the Secretary requiring periodic pay-
3 ments by the mortgagor not in excess of the mortga-
4 gor’s reasonable ability to pay, as determined by the
5 Secretary;

6 “(6) bears interest at such rate as may be
7 agreed upon by the mortgagor and the mortgagee;

8 “(7) provides, in a manner satisfactory to the
9 Secretary, for the application of the mortgagor’s
10 periodic payments (exclusive of the amount allocated
11 to interest and to the premium charge which is re-
12 quired for mortgage insurance as hereinafter pro-
13 vided) to amortization of the principal of the mort-
14 gage;

15 “(8) contains such terms and provisions with
16 respect to insurance, repairs, alterations, payment of
17 taxes, default reserves, delinquency charges, fore-
18 closure proceedings, anticipation of maturity, addi-
19 tional and secondary liens, and other matters as the
20 Secretary may prescribe; and

21 “(9) complies with such other terms and condi-
22 tions as the Secretary may prescribe.

23 “(d) EXPENSES OF MORTGAGOR.—

24 (1) IN GENERAL.—The mortgagor shall pay all
25 charges and costs in connection with the mortgage,

1 including any costs necessary to close the mortgage:
2 *Provided*, That some or all of these charges and
3 costs may be paid on behalf of the mortgagor by any
4 person or entity (including the seller, a governmental
5 jurisdiction, or a private non-profit entity), under
6 such terms and conditions as the Secretary may pre-
7 scribe.

8 “(2) LOAN TO COVER EXPENSES.—Any charges
9 or costs paid on behalf of a mortgagor under para-
10 graph (1) may be in the form of a loan secured by
11 the property under such terms and conditions as the
12 Secretary may prescribe. Any such indebtedness—

13 “(A) shall be a lien subordinate to that of
14 the insured mortgage;

15 “(B) shall not be part of the loan secured
16 by the mortgage insured under this section, and

17 “(C) shall not be considered for purposes
18 of determining the maximum mortgage amount
19 under subsection (c)(3).

20 “(e) MORTGAGE INSURANCE PREMIUM.—

21 “(1) IN GENERAL.—In connection with the in-
22 surance of a mortgage under this section, the Sec-
23 retary shall establish and collect a deferred up-front
24 premium and an annual premium, as provided in
25 section 203(c)(2) of this Act and section 2103(b)(2)

1 of the Omnibus Budget Reconciliation Act of 1990,
2 except as provided by paragraph (2) of this sub-
3 section.

4 “(2) PAYMENT OF DEFERRED UP-FRONT PRE-
5 MIUM.—

6 “(A) IN GENERAL.—The mortgagee shall
7 pay the amount of the deferred up-front pre-
8 mium due under subparagraph (B) at the time
9 of the sale of the property or when the mort-
10 gage is paid in full, and shall remit the amount
11 to the Secretary according to such procedures
12 and at such time as the Secretary may pre-
13 scribe.

14 “(B) AMOUNT OF PAYMENT.—The amount
15 of the up front premium payable to the Sec-
16 retary under paragraph (2) shall be the lesser
17 of—

18 “(i) the amount of the premium es-
19 tablished under paragraph (1), minus any
20 refund due; and

21 “(ii) 50 percent of the net apprecia-
22 tion of the property, as determined by the
23 Secretary, if the premium is due because
24 of a sale of the property.

1 “(C) DEFINITION.—For purposes of the
2 subparagraph (B), ‘net appreciation of the
3 property’ means any increase in the value of the
4 property over the original purchase price, less
5 the reasonable costs of sale and the reasonable
6 costs of improvements made to the property.

7 “(3) STREAMLINE REFINANCING.—Notwith-
8 standing paragraph (2), no part of the up-front pre-
9 mium established in connection with a mortgage
10 that was insured under this section and that is refi-
11 nanced under section 223(a)(7) shall be payable
12 under paragraph (2).

13 “(f) DEFINITION.—For purposes of this section, the
14 term ‘appraised value’ means the amount set forth in the
15 written statement required under section 226, or a similar
16 amount determined by the Secretary if section 226 does
17 not apply.

18 “(g) OBLIGATION OF GENERAL INSURANCE FUND.—
19 Any mortgagee under a mortgage insured under this sec-
20 tion is entitled to receive the benefits of the insurance as
21 provided in section 204(a) with respect to mortgages in-
22 sured under section 203, and the provisions of subsections
23 (b), (c), (d), (e), (f), (g), (h), (j), and (k) of section 204
24 shall apply to the mortgages insured under this section,
25 except that—

1 “(1) all references in section 204 to the Mutual
2 Mortgage Insurance Fund or the Fund shall be con-
3 strued to refer to the General Insurance Fund;

4 “(2) all references therein to section 203 shall
5 be construed to refer to this section; and

6 “(3) the excess remaining, referred to in section
7 204(f)(1), shall be retained by the Secretary and
8 credited to the General Insurance Fund.

9 “(h) LIMIT ON INSURED MORTGAGES.—The aggre-
10 gate dollar amount of commitments to insure mortgage
11 under this section for any fiscal year may not exceed 5
12 percent of the amount of commitments to insure mort-
13 gages covering one- to four-family properties that were
14 made by the Secretary under this title during the preced-
15 ing fiscal year. However, the Secretary may make commit-
16 ments to insure mortgages for up to an additional 5 per-
17 cent in the case of properties in empowerment zones or
18 enterprise communities approved under subchapter U of
19 chapter 1 of the Internal Revenue Code of 1986, or in
20 equivalent State: approved enterprise zones. No more than
21 20 percent of the dwelling units located in a revitalization
22 area may be subject to a mortgage insured under this sec-
23 tion.”.

24 (b) IMPLEMENTATION.—The Secretary shall, by in-
25 terim rule published for effect in the Federal Register, es-

1 tablish such requirements as may be necessary to carry
2 out the provisions of subsection (a). The Secretary shall
3 issue final regulations based on the interim rule after no-
4 tice and opportunity for public comment.

5 (c) EVALUATION.—No later than 48 months after the
6 date of implementation, the Secretary shall evaluate the
7 program and, if appropriate, recommend to Congress leg-
8 islation to terminate or improve it.

9 MAXIMUM DOLLAR AMOUNT FOR FHA SINGLE FAMILY
10 MORTGAGES

11 SEC. 302. Subparagraph (A) of the first sentence of
12 section 203(b)(2) of the National Housing Act is amended
13 by striking clause (ii) and all that follows through
14 “1992;” and inserting in lieu thereof the following—

15 “(ii) 85 percent of the dollar amount limitation
16 determined under section 305(a)(2) of the Federal
17 Home Loan Mortgage Corporation Act for a resi-
18 dence of the applicable size; except that the applica-
19 ble dollar amount limitation in effect for any area
20 under this subparagraph (A) may not be less than
21 the greater of—

22 “(I) the dollar amount limitation in effect
23 under this section for the area on the date of
24 enactment of the Housing Choice and Commu-
25 nity Investment Act of 1994; or

“(II) the applicable average area purchase price determined under section 143(e)(2) of the Internal Revenue Code of 1986, adjusted by the Secretary to reflect a single amount using purchase prices for residences that have been previously occupied, and for residences that have not been so occupied, which amount shall be adjusted by the Secretary annually on the basis of the Constant Quality Housing Price Index;”.

STREAMLINED REFINANCING FOR HUD-HELD MORTGAGES

SEC. 303. (a) Section 223(a) of the National Housing Act is amended—

(1) in paragraph (7), by striking the colon immediately preceding the second proviso and all that follows though “and the mortgagee”;

(2) by redesignating paragraph (8) as paragraph (9) and inserting the following new paragraph immediately after paragraph (7):

“(8) given to refinance a mortgage held by the Secretary, upon such terms and conditions as the Secretary may prescribe, covering property on which there is located a one- to four-family residence, or a one-family unit in a condominium project, which mortgage was formerly insured under this Act and subsequently assigned to the Secretary: *Provided*, That the mortgagor has not previously refinanced a

1 mortgage pursuant to this paragraph: *Provided fur-*
2 *ther*, That the mortgagor has made all payments due
3 under the note secured by the existing mortgage and
4 all payments due under the note for at least the pre-
5 vious 6 months, or the mortgagor is under a forbear-
6 ance agreement and has made all payments due
7 under the note secured by the existing mortgage for
8 at least the previous 6 months: *Provided further*,
9 That the principal amount of the refinancing mort-
10 gage may not exceed the outstanding principal bal-
11 ance of the existing mortgage by more than addi-
12 tional amounts owed by the mortgagor due to the
13 delinquency and to the receipt of assignment assist-
14 ance under section 230: *Provided further*, That the
15 monthly payment due under the refinancing mort-
16 gage may not exceed the monthly payment due
17 under the existing mortgage: *Provided further*, That
18 the refinancing mortgage may have a term not more
19 than 12 years in excess of the unexpired term of the
20 assigned mortgage: *Provided further*, That the refi-
21 nancing mortgage may be insured under section
22 203(b) or 221(d)(2) of this Act, at the option of the
23 mortgagee, or under section 234(c) of this Act in the
24 case of a condominium: *Provided further*, That a re-
25 financing mortgage insured under section 221(d)(2)

1 shall involve a principal obligation in an amount not
2 to exceed 50 percent of the applicable dollar limita-
3 tion for a one- to four-family residence under section
4 203(b)(2); or”; and

5 (3) by adding the following new paragraph after
6 paragraph (9), as redesignated by paragraph (2) of
7 this section:

8 “(10) a mortgage of the character described in
9 paragraphs (1) through (6) of this subsection shall
10 have a maturity and a principal obligation not in ex-
11 cess of the maximums prescribed under the applica-
12 ble section or title of this Act, except that in no case
13 may the principal obligation of a mortgage referred
14 to in paragraph (5) of this subsection exceed 90 per-
15 cent of the appraised value of the mortgage prop-
16 erty, and shall bear interest at such rate as may be
17 agreed upon by the mortgagor and the mortgagee.”.

18 (b) The Secretary of Housing and Urban Develop-
19 ment may implement the authority to refinance a mort-
20 gage held by the Secretary under section 223(a)(8) of the
21 National Housing Act, as added by subsection (a) of this
22 section, by notice published in the Federal Register setting
23 forth such requirements as may be necessary.

24 (c) The authority to refinance a mortgage held by the
25 Secretary of Housing and Urban Development under such

1 section 223(a)(8) shall terminate 30 months after the date
2 of enactment of this Act. The total number of mortgages
3 refinanced under such section 223(a)(8) may not exceed
4 20,000.

5 INNOVATIVE AFFORDABLE HOUSING DEMONSTRATIONS

6 SEC. 304. (a) The Secretary of Housing and Urban
7 Development (the “Secretary”) may carry out demonstra-
8 tions which have the potential to increase homeownership
9 opportunities through the insurance under the National
10 House Act of alternative mortgage instruments, and
11 through partnerships with the Federal Home Loan Mort-
12 gage Corporation and the Federal National Mortgage As-
13 sociation, with the Federal Home Loan Banks and their
14 members, and with State and local housing finance agen-
15 cies, in connection with meeting their responsibilities to
16 achieve affordable housing goals. These demonstrations
17 may include testing the pricing of different types of in-
18 sured mortgage instruments, partnerships with the Cor-
19 poration, the Association, or the Federal Home Loan
20 Banks under which mortgage insurance provided by the
21 Secretary shall be used as a credit enhancement in connec-
22 tion with their mortgage lending and secondary market
23 activities, and partnership activities to achieve both home-
24 ownership and the stabilization or revitalization of neigh-
25 borhoods or to address special needs.

1 (b) Each demonstration may be approved for a term
2 of up to 3 years. The term of an insured mortgage or ac-
3 tivity may extend beyond the term of the demonstration.
4 The total number of mortgages insured pursuant to dem-
5 onstrations under this section in any fiscal year may not
6 exceed 10 percent of the number of single family mort-
7 gages insured in the previous fiscal year. The total number
8 of mortgages insured pursuant to any one demonstration
9 in any fiscal year may not exceed 5 percent of the number
10 of single family mortgages insured in the previous fiscal
11 year.

12 (c) The Secretary may waive requirements of the Na-
13 tional Housing Act and any other applicable statutory and
14 regulatory requirements that the Secretary determines are
15 not consistent with the purposes of this section.

16 (d) The general insurance fund created by section
17 519 of the National Housing Act shall be available as a
18 revolving fund for carrying out mortgage insurance dem-
19 onstrations under this section involving alternative mort-
20 gage transactions. The Secretary shall determine the
21 terms and conditions of insurance, notwithstanding any
22 provision of the National Housing Act.

23 (e) In approving a demonstration under this section,
24 the Secretary may establish such requirements as the Sec-
25 retary considers to be appropriate to further its purposes.

1 (f) Each demonstration under this section shall—

2 (1) be approved personally by the Secretary;

3 (2) be consistent with the overall purposes of
4 the program or programs under which the waiver is
5 granted;

6 (3) be evaluated; and

7 (4) be consistent with the Fair Housing Act,
8 title VI of the Civil Rights Act of 1964, section 504
9 of the Rehabilitation Act of 1973, and the Age Dis-
10 crimination Act of 1975.

11 (g) For each demonstration, there shall be prepared
12 an annual progress report. The Secretary shall submit a
13 report to Congress within 1 year after completion of each
14 demonstration, describing the results of the demonstration
15 and making any recommendations for legislation.

16 (h) There is authorized to be appropriated
17 \$1,000,000 for the evaluation of demonstrations under
18 this section.

19 (i) The term “alternative mortgage instruments” in-
20 cludes mortgages within the definition of “alternative
21 mortgage transaction” in section 803(1) of the Alternative
22 Mortgages Transaction Party Act of 1982.

23 SINGLE FAMILY RISK-SHARING MORTGAGE INSURANCE
24 PROGRAM

25 SEC. 305. (a) The National Housing Act is amended
26 by adding the following new section at the end of title II:

1 “SINGLE FAMILY RISK-SHARING WITH STATE AND LOCAL
2 AGENCIES

3 “SEC. 257. (a) AUTHORITY.—Notwithstanding any
4 other provision of this Act inconsistent with this section,
5 the Secretary may insure and make commitments to in-
6 sure under this section mortgages on single family prop-
7 erties under risk-sharing mortgage insurance programs es-
8 tablished with one or more State or agencies. Only mort-
9 gages executed in connection with the acquisition of a sin-
10 gle family property or for the refinancing of a mortgage
11 insured under this section shall be eligible. Under these
12 programs, the Secretary insures a portion of the mortgage
13 and the State or local agency insures the remainder.

14 “(b) PURPOSES.—The purposes of the program
15 under this section are (1) to increase the availability of
16 single family mortgage financing in areas where there is
17 need for mortgage insurance under this Act that cannot
18 be met due to particularly high average median house
19 prices in the area, and (2) to foster arrangements with
20 State and local agencies to share the risk of mortgage in-
21 surance.

22 “(c) APPLICATIONS.—(1) The Secretary may approve
23 an application submitted by a State or local agency to es-
24 tablish a risk-sharing program under this section, based

1 on a determination that the State or local agency dem-
2 onstrates that—

3 “(A) it has the legal authority under State law
4 and, where applicable, local law to participate in the
5 risk-sharing mortgage insurance program;

6 “(B) it has carried out, or has the potential to
7 carry out, a financially sound, efficient, and effective
8 mortgage insurance program; and

9 “(C) it has the ongoing administrative and fi-
10 nancial capacity necessary to carry out a program
11 under this section.

12 “(2) For a violation of requirements and procedures
13 under the risk-sharing agreement between the State or
14 local agency and the Secretary or for other good cause,
15 the Secretary may cancel approval of a State or local agen-
16 cy under this section by giving notice to the State or local
17 agency. The cancellation shall be effective upon receipt of
18 the notice by the agency or at a later date specified by
19 the Secretary. A decision by the Secretary to cancel ap-
20 proval shall be final and conclusive and shall not be sub-
21 ject to judicial review.

22 “(d) DELEGATION OF AUTHORITY TO INSURE TO
23 STATE AND LOCAL AGENCIES.—Pursuant to a risk-shar-
24 ing agreement with a State or local agency, the Secretary
25 shall delegate the authority to insure and make commit-

1 ments to insure the portion of mortgages to be insured
2 by the Secretary under this section to the State or local
3 agency. The risk-sharing agreement shall contain such
4 other matters as the Secretary and the State or local agen-
5 cy agree.

6 “(e) UNDERWRITING STANDARDS AND LOAN TERMS
7 AND CONDITIONS.—The State or local agency shall adopt
8 underwriting standards and loan terms and conditions for
9 purposes of underwriting loans to be insured under this
10 section without regard to requirements of this Act other
11 than this section, section 203(g), and section 203(r)(2),
12 subject to review and approval by the Secretary.

13 “(f) MORTGAGE INSURANCE PREMIUMS.—(1) The
14 State or local agency shall require the payment of mort-
15 gage insurance premiums by mortgagors.

16 “(2) The Secretary shall establish policies and proce-
17 dures for the sharing of premiums between the Secretary
18 and the State or local agency, based on the relative risk
19 to, and administrative costs of, the Secretary and the
20 State or local agency. The share paid to the Secretary
21 shall not be less than an amount necessary to cover the
22 risk to, and administrative costs of, the Secretary.

23 “(g) LIMITATIONS ON PRINCIPAL MORTGAGE
24 AMOUNT.—(1) The portion of the mortgage insured under

1 this section by the Secretary may not exceed an amount
2 equal to the lesser of—

3 “(A) 80 percent of the appraised value of the
4 property, or

5 “(B) the maximum amount the Secretary may
6 insure under section 203(b) of this Act for the area
7 (but not including any amount for a mortgage insur-
8 ance premium).

9 “(2) The total principal amount of a mortgage in-
10 sured under this section by the Secretary and the State
11 or local agency—

12 “(A) shall exceed the maximum amount the
13 Secretary may insure under subparagraph (A) of the
14 first sentence of section 203(b)(2) of this Act for the
15 area, and

16 “(B) may not exceed the conforming loan limi-
17 tation determined under section 305(a)(2) of the
18 Federal Home Loan Mortgage Corporation Act for
19 a residence of the applicable size, as adjusted annu-
20 ally.

21 “(3) The principal obligation of a mortgage may not
22 exceed an amount determined in accordance with subpara-
23 graph (B) of the first sentence of section 203(b)(2) of this
24 Act plus the mortgage insurance premium.

1 “(4) Notwithstanding paragraph 92)(A) or (3), in the
2 case of refinancing of an existing mortgage insured under
3 this section, the principal obligation of a refinancing mort-
4 gage may not exceed the outstanding principal balance of
5 the existing mortgage plus any mortgage insurance pre-
6 mium.

7 “(h) INSURANCE CLAIMS.—(1) In the case of a de-
8 fault and foreclosure of a mortgage insured under this sec-
9 tion, the mortgagee may file a claim with the State or
10 local agency for insurance benefits in accordance with re-
11 quirements established by the State or local agency and
12 approved by the Secretary. The agency shall pay the full
13 amount of the claim owed to the mortgagee. If the loss
14 on the insured mortgage exceeds the amount of insurance
15 by the agency, the Secretary shall reimburse the agency
16 for the difference.

17 “(2) The insurance of a mortgage under this section
18 by the Secretary shall be an obligation of the General In-
19 surance Fund created pursuant to section 519 of this Act.

20 “(i) INAPPLICABILITY OF THE ASSIGNMENT PRO-
21 GRAM.—Section 230 shall not apply to mortgages insured
22 under the program authorized by this section.

23 “(j) RESTRICTION ON GNMA SECURITIZATION.—
24 The Government National Mortgage Association shall not
25 securitize any loans insured under this section.

1 “(k) DEFINITIONS.—As used in this section:

2 “(1) The term ‘local agency’ shall mean an
3 agency of a unit of general local government, as de-
4 fined by the Secretary, which has the authority to
5 insure mortgages and to participate with the Sec-
6 retary in the single family risk-sharing program
7 under this section, or an agency or instrumentality
8 of a local agency if the agency or instrumentality
9 has such authority.

10 “(2) The term ‘State agency’ shall mean an
11 agency of a State which has the authority to insure
12 mortgages and to participate with the Secretary in
13 the single family risk-sharing program under this
14 section, or an agency or instrumentality of a State
15 agency if the agency or instrumentality has such au-
16 thority.

17 “(3) The term ‘single family property’ means a
18 property upon which there is located a dwelling de-
19 signed principally for occupancy by one family, and
20 includes a condominium and a cooperative.

21 “(4) The term ‘State’ shall mean the several
22 States and Puerto Rico, the District of Columbia,
23 Guam, the Trust Territory of the Pacific Islands,
24 American Samoa, and the Virgin Islands.’”.

1 (b) The Secretary of Housing and Urban Develop-
2 ment may implement the program authorized by sub-
3 section (a) by entering into risk-sharing agreements nego-
4 tiated with State agencies, notwithstanding any otherwise
5 applicable requirement for regulations or notice published
6 in the Federal Register and notwithstanding any otherwise
7 applicable regulations of the Secretary.

8 HOMEOWNERSHIP COUNSELING AND OUTREACH

9 SEC. 306. (a) Section 106(a) of the Housing and
10 Community Development Act of 1968 is amended—

11 (1) in paragraph (1), by—

12 (A) inserting “or consortia of organiza-
13 tions” after “organizations”;

14 (B) striking the “and” at the end of clause
15 (iii);

16 (C) striking the period from the end of
17 clause (iv) and inserting in lieu thereof “; and”;
18 and

19 (D) inserting at the end the following new
20 clause (v):

21 “(v) the provision of outreach activi-
22 ties designed to improve the access of low-
23 and moderate-income households to home-
24 ownership and sources of mortgage cred-
25 it.”;

1 (2) in the second sentence of paragraph (2),
2 by—

3 (A) striking “clause (iii)” and inserting in
4 lieu thereof “clauses (iii) and (v)”; and

5 (B) by inserting after “organizations” the
6 following: “or consortia of organizations”;

7 (3) by inserting at the end the following new
8 paragraph:

9 “(4) The Secretary of Housing and Urban De-
10 velopment may contract with national, State, or
11 community-based entities, and consortia of such en-
12 tities, to carry out activities under paragraph (1)(v).
13 Contractors shall be selected on a competitive basis,
14 in accordance with selection criteria determined by
15 the Secretary. The contractors shall carry out activi-
16 ties prescribed by the Secretary, including activities
17 such as—

18 “(A) leveraging Federal funds with other
19 sources of funding to support activities under
20 its counseling program, including leveraging
21 private, community-based resources for the pur-
22 pose of assisting prospective mortgagors achieve
23 homeownership;

24 “(B) conducting outreach and marketing
25 to prospective homebuyers, particularly those in

1 targeted neighborhoods with a high proportion
2 of low- and moderate-income and minority
3 renter households;

4 “(C) coordinating a proactive pre-purchase
5 homeownership strategy that includes linking
6 other HUD-approved counseling providers and
7 community-based organizations, assisting pro-
8 spective homebuyers to repair credit, educating
9 potential homebuyers on the requirements of
10 homeownership, providing technical assistance,
11 assisting in the packaging of mortgage loan ap-
12 plications, matching a family’s resources with
13 appropriate government and private sector
14 homeownership assistance programs, and offer-
15 ing post-purchase and default-prevention coun-
16 seling to help homeowners retain their homes;
17 and

18 “(D) serving as an advocate for home-
19 buyers by working with the mortgage lending
20 industry with regard to overcoming mortgage
21 credit barriers to homeownership.”.

22 (b) Section 106(c)(9) of such Act is amended by
23 striking “September 30, 1994” and inserting in lieu there-
24 of “September 30, 1996”.

1 (c) Section 106 of such Act is amended by adding
 2 at the end the following new subsection:

3 “(g) AUTHORIZATION OF APPROPRIATIONS.—There
 4 are authorized to be appropriated for the purposes of this
 5 section, without fiscal year limitation, such sums as may
 6 be necessary, except that there are authorized to be appro-
 7 priated \$50,000,000 for each of fiscal years 1995 and
 8 1996. Any amounts so appropriated shall remain available
 9 until expended.”.

10 (d) Section 106(a)(3) of such Act is hereby repealed.

11 Subtitle C—National Homeownership Fund

12 Demonstration

13 AMENDMENTS TO NAHA

14 SEC. 311. Subtitle A of title III of the Cranston-Gon-
 15 zalez National Affordable Housing Act is amended to read
 16 as follows:

17 “Subtitle A—National Homeownership Fund

18 Demonstration

19 **“SEC. 301. SHORT TITLE.**

20 “This subtitle may be cited as the ‘National Home-
 21 ownership Fund Demonstration Act’.

22 **“SEC. 302. PROGRAM AUTHORITY.**

23 “(a) IN GENERAL.—The Secretary may provide as-
 24 sistance, in accordance with the provisions of this subtitle,
 25 for first-time homebuyers (including homebuyers buying

1 shares in limited equity cooperatives) in the following
2 manners—

3 “(1) DOWNPAYMENT ASSISTANCE.—Assistance
4 payments through grantees to provide amounts for
5 downpayments (including closing costs and other
6 costs payable at the time of closing) on mortgages
7 for such homebuyers.

8 “(2) SECOND MORTGAGE ASSISTANCE.—Assist-
9 ance payments through grantees to provide loans
10 with payment of interest and principal, as deter-
11 mined by the grantee; and

12 “(3) CAPITALIZATION OF REVOLVING LOAN
13 FUNDS.—Grants to public organizations or agencies
14 to establish revolving loan funds to provide home-
15 ownership assistance to eligible first-time home-
16 buyers consistent with the requirements of this sub-
17 title. Such grants shall be matched by an equal
18 amount of local investment in such revolving loan
19 funds. Any proceeds or repayments from loans made
20 under this paragraph shall be returned to the revolv-
21 ing loan fund established under this paragraph to be
22 used for purposes related to this section.

23 “(b) ELIGIBILITY REQUIREMENTS.—Assistance pay-
24 ments under this subtitle may be made only to homebuyers
25 and for mortgages meeting the following requirements.—

1 “(1) FIRST-TIME HOMEBUYER.—The home-
2 buyer is an individual who—

3 “(A)(i) (and whose spouse) has had no
4 ownership in a principal residence during the 3-
5 year period ending on the date of purchase of
6 the property with respect to which assistance
7 payments are made under this subtitle;

8 “(ii) is a displaced homemaker who, except
9 for owning a home with his or her spouse or re-
10 siding in a home owned by the spouse, meets
11 the requirements of clause (i); or

12 “(iii) is a single parent who, except for
13 owning a home with his or her spouse or resid-
14 ing in a home owned by the spouse while mar-
15 ried, meets the requirements of clause (i); and

16 “(B) meets the requirements of subpara-
17 graph (A)(i), (ii), or (iii), except for owning, as
18 a principal residence, a dwelling unit whose
19 structure is not permanently affixed to a per-
20 manent foundation in accordance with local or
21 other applicable regulations.

22 “(2) MAXIMUM INCOME OF HOMEBUYER.—The
23 aggregate annual income of the homebuyer and the
24 members of the family of the homebuyer residing
25 with the homebuyer, for the 12-month period preced-

1 ing the date of the application of the homebuyer for
2 assistance under this subtitle, does not exceed 80
3 percent of the median income for a family of 4 per-
4 sons (adjusted by family size) in the applicable met-
5 ropolitan statistical area (or such other area that the
6 Secretary determines for areas outside of metropoli-
7 tan statistical areas). The Secretary shall provide for
8 certification of such income for purposes of initial
9 eligibility for assistance payments under this sub-
10 title.

11 “(3) PRINCIPAL RESIDENCE.—The property se-
12 curing the mortgage is a single-family residence or
13 unit in a cooperative or condominium and is the
14 principal residence of the homebuyer.

15 “(4) MAXIMUM MORTGAGE AMOUNT.—The
16 principal obligation of the first mortgage and any
17 second mortgage assistance provided under this sub-
18 title does not exceed the principal amount that could
19 be insured with respect to the property under section
20 203(b) of the National Housing Act.

21 “(c) TERMS OF ASSISTANCE.—

22 “(1) SECURITY.—Assistance payments under
23 this subtitle shall be secured by a lien on the prop-
24 erty involved. The lien shall be subordinate to all

1 mortgages existing on the property on the date on
2 which the first assistance payment is made.

3 “(2) REPAYMENT IF PROPERTY CEASES TO BE
4 PRINCIPAL RESIDENCE.—If the property for which
5 assistance payments are made ceases to be the prin-
6 cipal residence of the first-time homebuyer (or the
7 family of the homebuyer), during a time period spec-
8 ified by the Secretary or the grantee, whichever is
9 longer, the Secretary may provide for the repayment
10 of all or a portion of the assistance payments.

11 “(d) ALLOCATION.—

12 “(1) IN GENERAL.—Each applicant shall sub-
13 mit an application in such form and in accordance
14 with such procedures as the Secretary shall estab-
15 lish.

16 “(2) MINIMUM REQUIREMENTS.—An applica-
17 tion under this section shall contain a plan that de-
18 scribes how the applicant will achieve the objectives
19 of this subtitle. The application shall contain at a
20 minimum—

21 “(A) a description of the geographic area
22 to be covered;

23 “(B) the characteristics of the households
24 to be served;

1 “(C) a description and commitment of
2 other public and private resources available in
3 connection with assistance under this subtitle;

4 “(D) a description of any secondary mar-
5 ket involvement and commitment;

6 “(E) a description and commitment of any
7 non-traditional capital resources;

8 “(F) provision of housing counseling as-
9 sistance available to assist borrowers;

10 “(G) a description of any restrictions on
11 resale and profits;

12 “(H) a description of resources available to
13 undertake rehabilitation of properties when
14 needed;

15 “(I) the process for award and disburse-
16 ment of funds to borrowers; and

17 “(J) the past history of the applicant in
18 undertaking similar projects.

19 “(3) SELECTION.—Amounts available in any
20 fiscal year for assistance under this subtitle shall be
21 allocated to States (including State agencies) or non-
22 profit housing intermediaries for homebuyers
23 through a national competition in accordance with
24 criteria established by the Secretary. These criteria
25 shall include the extent to which the applicant has

1 experience in providing homeownership opportunities
2 for low- and moderate-income households.

3 **“SEC. 303. DEFINITIONS.**

4 “For purposes of this subtitle:

5 “(1) DISPLACED HOMEMAKER.—The term ‘dis-
6 placed homemaker’ means an individual who—

7 “(A) is an adult;

8 “(B) has not worked full-time full-year in
9 the labor force for a number of years, but has
10 during such years, worked primarily without re-
11 muneration to care for the home and family;
12 and

13 “(C) is unemployed or underemployed and
14 is experiencing difficulty in obtaining or up-
15 grading employment.

16 “(2) SINGLE PARENT.—The term ‘single par-
17 ent’ means an individual who—

18 “(A) is unmarried or legally separated
19 from a spouse; and

20 “(B)(i) has 1 or more minor children for
21 whom the individual has custody or joint cus-
22 tody; or

23 “(ii) is pregnant.

24 “(3) SECRETARY.—The term ‘Secretary’ means
25 the Secretary of Housing and Urban Development.

1 “(4) STATE.—The term ‘State’ means the
2 States of the United States, the District of Colum-
3 bia, the Commonwealth of Puerto Rico, the Com-
4 monwealth of the Northern Mariana Islands, Guam,
5 the Virgin Islands, American Samoa, the Trust Ter-
6 ritory of the Pacific Islands, and any other territory
7 or possession of the United States.

8 **“SEC. 304. REPORT.**

9 “The Secretary shall submit to the Congress, not
10 later than 6 months following the last obligation of assist-
11 ance by grantees under this subtitle, a report containing
12 a description of the activities carried out under this sub-
13 title and an analysis of the effectiveness of such assistance
14 in assisting first-time homebuyers.

15 **“SEC. 305. AUTHORIZATION OF APPROPRIATIONS.**

16 “There are authorized to be appropriated for assist-
17 ance payments under this subtitle \$100,000,000 for fiscal
18 year 1995 and such sums as may be necessary for fiscal
19 year 1996. Any amount appropriated under this section
20 shall remain available until expended.”.

21 Subtitle C—Authorizations Flexible Subsidy Program

22 SEC. 321. (a) AUTHORIZATION OF APPROPRIA-
23 TIONS.—Section 201(j)(5) of the Housing and Community
24 Development Amendments of 1978 (12 U.S.C. 1715z-
25 1a(j)(5)) is amended to read as follows:

(b) USE OF SECTION 236 RENTAL ASSISTANCE
FUND AMOUNTS.—Section 236(f)(3) of the National
Housing Act (12 U.S.C. 1715z–1(f)(3)) is amended by
striking “September 30, 1994” and inserting “September
30, 1996”.

SEC. 322. There are authorized to be appropriated for assistance for service coordinators under section 676 of the Housing and Community Development Act of 1992, section 8(d)(2)(F)(i) of the United States Housing Act of 1937, section 202 of the Housing Act of 1959, and section 811 of the Cranston-Gonzalez National Affordable Housing Act, \$16,300,000 for fiscal year 1995 and \$16,700,000 for fiscal year 1996.

21 SEC. 323. Section 306(g)(2) of the Federal National
22 Mortgage Association Charger Act (12 U.S.C. 1721(g)(2))
23 is amended to read as follows:

24 “(2) Notwithstanding any other provision of
25 law and subject only to the absence of qualified re-
26 quests for guarantees, to the authority provided in

1 this subsection, and to the extent of or in such
2 amounts as any funding limitation approved in ap-
3 propriation Acts, the Association shall enter into
4 commitments to issue guarantees under this sub-
5 section in an aggregate amount of \$130,000,000,000
6 during fiscal year 1995 and \$130,000,000,000 dur-
7 ing fiscal year 1996. There is authorized to be ap-
8 propriated such sums as may be necessary to cover
9 the costs (as such term is defined in section 502 of
10 the Congressional Budget Act of 1974) of guaran-
11 tees issued under this Act by the Association.”.

12 LIMITATION ON FHA INSURING AUTHORITY

13 SEC. 324. Section 531(b) of the National Housing
14 Act (12 U.S.C. 1735f-9(b)) is amended to read as follows:

15 “(b) Notwithstanding any other provision of law and
16 subject only to the absence of qualified requests for insur-
17 ance, to the authority provided in this Act, and to the limi-
18 tation in subsection (a), the Secretary shall enter into
19 commitments to insure mortgages under this Act with an
20 aggregate principal amount of \$104,666,794,000 during
21 fiscal year 1995 and \$91,037,845,000 during fiscal year
22 1996.”.

1 TITLE IV—ECONOMIC OPPORTUNITY;
2 EXPANSION OF AFFORDABLE HOUSING

3 Subtitle A—Economic Opportunity

4 ECONOMIC OPPORTUNITIES FOR RESIDENTS IN HUD-
5 ASSISTED PROGRAMS

6 SEC. 401. Section 3 of the Housing and Urban Devel-
7 opment Act of 1968 is amended—

8 (1) in subsection (c)(1)(B)(i), by inserting “,
9 and to noncustodial parents of children living in
10 such developments and subject to court-ordered or
11 administratively-ordered support agreements” before
12 the period;

13 (2) by adding at the end of subsection (c) the
14 following new paragraph (3):

15 “(3) ESTABLISHMENT OF ECONOMIC OPPOR-
16 TUNITY CENTERS.—

17 “(A) IN GENERAL.—The Secretary shall
18 establish Economic Opportunity Centers, to
19 provide services which will link low-income resi-
20 dents with jobs generated by housing and com-
21 munity development assistance.

22 “(B) ELIGIBLE GRANTEEES.—The Sec-
23 retary may make grants to State or local gov-
24 ernments or their agencies, public housing
25 agencies, including Indian housing authorities,

1 public or private non-profit organizations or in-
2 stitutions (including community action agen-
3 cies), or other public or private entities—

4 “(i) which are carrying out training,
5 employment development, education, or
6 other economic development activities in
7 communities which receive housing and
8 community development assistance; or

9 “(ii) which provide housing, neighbor-
10 hood revitalization, community organizing,
11 income support or crime prevention pro-
12 grams to low- and very low-income persons
13 in communities which receive housing and
14 community development assistance; or

15 “(iii) which are administering housing
16 or community development programs which
17 generate a significant number of employ-
18 ment opportunities.

19 “For fiscal year 1995, the Secretary may
20 make grants under this paragraph only to pub-
21 lic housing agencies, including Indian housing
22 authorities.

23 “(C) SELECTION CRITERIA.—The Sec-
24 retary shall select grantees on a competitive

1 basis, taking into account the demonstrated
2 ability of the applicants to—

3 “(i) assess training and support serv-
4 ice needs;

5 “(ii) develop or provide employment
6 development skills to low-income persons;

7 “(iii) coordinate and utilize existing
8 public and private training, employment,
9 and business assistance funds or services;

10 “(iv) establish or maintain working
11 relationships with unions or other con-
12 struction trade associations, and public
13 and private employers; and

14 “(v) perform such other functions as
15 the Secretary may approve.

16 “(D) ELIGIBLE ACTIVITIES.—Amounts re-
17 ceived for the operation of Economic Oppor-
18 tunity Centers may be used for financial and
19 other assistance to individual residents to facili-
20 tate their participation in both existing and
21 newly created job training programs and em-
22 ployment opportunities. The agency may engage
23 in activities such as developing facilities for
24 training and support services; assessing training
25 and service needs of public housing residents;

1 funding essential training and support services
2 that are not otherwise funded; establishing a
3 job bank of positions in connection with pro-
4 grams subject to this section; assisting contrac-
5 tors, contractor associations, and joint labor-
6 management committees to develop and fund
7 training and apprenticeship initiatives and pro-
8 grams; training and funding resident councils,
9 resident management corporations, neighbor-
10 hood groups, and community-based organiza-
11 tions to provide information about the require-
12 ments of this section and economic opportuni-
13 ties; funding the start-up costs of businesses;
14 providing links with related government and
15 private programs; and such other activities as
16 the Secretary may approve.

17 “(E) AUTHORIZATION OF APPROPRIA-
18 TIONS.—There are authorized to be appro-
19 priated for grants to carry out this paragraph,
20 \$17,500,000 for fiscal year 1995 and such
21 sums as may be necessary for fiscal year
22 1996.”; and

23 (3) by adding at the end the following new sub-
24 sections:

1 “(h) AUTHORIZATION OF APPROPRIATIONS.—There
2 are authorized to be appropriated—

3 “(1) \$4,000,000 in fiscal year 1995 and such
4 sums as may be necessary in fiscal year 1996 for the
5 Secretary to establish and sustain employment train-
6 ing and business initiatives under this section with
7 other Federal agencies, through interagency agree-
8 ments providing for the transfer of amounts appro-
9 priated under this paragraph to other Federal agen-
10 cies; and

11 “(2) \$3,500,000 in fiscal year 1995 and such
12 sums as may be necessary in fiscal year 1996 for the
13 Secretary to carry out a management and technical
14 assistance program for the development of materials,
15 systems, services, and information designed to en-
16 hance—

17 “(A) the capacity of the Secretary to man-
18 age activities under this section; and

19 “(B) the capacity of public housing agen-
20 cies, contractors, and other entities to comply
21 with the requirements of this section.

22 “(i) OTHER RESOURCES.—The Secretary may permit
23 expenditure of funds appropriated for programs subject to
24 this section for job-related activities necessary to imple-

1 ment this section, including but not limited to training,
2 supervision of trainees, and job recruitment.”.

3 RESIDENT MANAGEMENT/TENANT OPPORTUNITY

4 PROGRAM

5 SEC. 402. Section 20 of the United States Housing
6 Act of 1937 is amended—

7 (1) by striking the section heading and insert-
8 ing in lieu thereof: “TENANT OPPORTUNITY PRO-
9 GRAM”;

10 (2) in the first two sentences of subsection (b),
11 by striking “resident management program” the two
12 places it appears and inserting “tenant opportunity
13 program”;

14 (3) in subsection (f)—

15 (A) by striking the subsection heading and
16 inserting in lieu thereof: “TENANT OPPOR-
17 TUNITY ASSISTANCE”;

18 (B) in paragraph (1), by adding the follow-
19 ing new sentences at the end: “In addition, the
20 Secretary may provide financial assistance to
21 resident management corporations or resident
22 councils for activities sponsored by resident or-
23 ganizations for economic uplift, such as job
24 training, economic development, security, and
25 other self-sufficiency activities beyond those re-
26 lated to the management of public housing.

1 Resident councils or resident management cor-
2 porations may jointly apply for financial assist-
3 ance with public housing agencies.”;

4 (C) in paragraph (2), by striking
5 “\$100,000” and inserting “\$250,000”;

6 (D) by inserting at the end the following
7 new paragraph:

8 “(5) 10 PERCENT SET-ASIDE.—The Secretary
9 may use up to 10 percent of the amounts appro-
10 priated under paragraph (3) to enter into contracts
11 with—

12 “(A) various entities for monitoring, eval-
13 uation, technical assistance, and information
14 dissemination in connection with activities
15 under this subsection; and

16 “(B) public housing agencies, resident or-
17 ganizations, and public or private entities for
18 innovative public/private initiatives that support
19 the economic development and increased self-
20 sufficiency of public housing residents. Eligible
21 activities related to economic development and
22 self-sufficiency may include such programs as
23 counseling, treatment for substance abuse, child
24 care, remedial education, job training, and de-
25 velopment of resident businesses.”; and

1 (E) Paragraph (3) is amended to read as
2 follows:

3 “(3) FUNDING.—Of any amounts made avail-
4 able for financial assistance under section 14, the
5 Secretary may use to carry out this subsection
6 \$85,000,000 for fiscal year 1995 and such sums as
7 may be necessary for fiscal year 1996.”.

8 Subtitle B—Section 8 Initiatives

9 CHOICE IN RESIDENCY

10 SEC. 411. (a) Section 8(o) of the United States Hous-
11 ing Act of 1937, as amended by section 412 of this Act,
12 is further amended by adding the following new paragraph
13 at the end:

14 “(16)(A) The Secretary may make grants to
15 public housing agencies and nonprofit organizations
16 for the purpose of providing counseling to applicants
17 for and recipients of tenant-based assistance. The
18 counseling shall be designed to enable families to se-
19 lect units in areas without high concentrations of
20 persons living in poverty, as determined by the Sec-
21 retary. Eligible activities may include activities such
22 as—

23 “(i) advising families on strategies for ob-
24 taining appropriate housing;

1 “(ii) providing transportation assistance
2 and other services to give families access to
3 areas without high concentrations of persons
4 living in poverty;

5 “(iii) continuing advice and counseling to
6 assist families after moving to areas without
7 high concentrations of persons living in poverty;
8 and

9 “(iv) undertaking aggressive outreach to
10 potential owners to expand the availability of
11 housing in areas without high concentrations of
12 persons living in poverty.

13 “(B) The Secretary may invite public housing
14 agencies to apply for grants under this paragraph.
15 In addition, the Secretary may select, on a competi-
16 tive basis, public housing agencies and nonprofit or-
17 ganizations for grants under this paragraph. In
18 making funding decisions, the Secretary may take
19 into account evidence in the application of commit-
20 ments of non-Federal assistance to be used in sup-
21 port of the proposed counseling program.

22 “(C) The Secretary may take failure by a public
23 housing agency to apply for a grant under this para-
24 graph and the effectiveness of an agency’s program

1 into account in determining amount of future fund-
2 ing under this subsection.

3 “(D) The budget authority available under sec-
4 tion 5(c) of this Act for tenant-based assistance
5 under this section is authorized to be increased by
6 \$149,100,000, on or after October 1, 1995, and by
7 \$152,900,000, on or after October 1, 1986, for
8 grants under this paragraph.”.

9 (b) The amendment made by subsection (a) shall
10 apply to assistance under contract on the date of enact-
11 ment of this Act as well as to assistance placed under con-
12 tract after the date of enactment.

13 MERGER OF THE CERTIFICATE AND VOUCHER PROGRAMS

14 SEC. 412. (a) MERGER OF CERTIFICATE AND
15 VOUCHER PROGRAMS.—Section 8(o) of the United States
16 Housing Act of 1937 is amended to read as follows:

17 “(o) CERTIFICATE PROGRAM.—(1) The Secretary
18 may provide assistance for tenant-based assistance using
19 a payment standard in accordance with this subsection.
20 The payment standard shall be used to determine the
21 monthly assistance which may be paid for any family, as
22 provided in paragraph (2) of this subsection, and shall not
23 exceed the fair market rental established under subsection
24 (c). However, the payment standard for a designated part
25 of the market area may exceed the fair market rental by
26 not more than 20 percent, where the Secretary determines

1 that higher market rents in that part of the market area
2 justify a higher payment standard. The Secretary may re-
3 quire a public housing agency to submit proposed payment
4 standards to the Secretary for approval.

5 “(2)(A) For a family receiving tenant-based assist-
6 ance, where the rent (including the amount allowed for
7 tenant-paid utilities) does not exceed the payment stand-
8 ard, the monthly assistance payment shall be the amount
9 by which the rent exceeds the highest of the following
10 amounts, rounded to the nearest dollar:

11 “(i) 30 percent of the family’s monthly adjusted
12 income;

13 “(ii) 10 percent of the family’s monthly income;
14 or

15 “(iii) if the family is receiving payments for
16 welfare assistance from a public agency and a part
17 of such payments, adjusted in accordance with the
18 family’s actual housing costs, is specifically des-
19 ignated by such agency to meet the family’s housing
20 costs, the portion of such payments which is so des-
21 ignated.

22 “(B) For a family receiving tenant-based assistance,
23 where the rent (including the amount allowed for tenant-
24 paid utilities) exceeds the payment standard, the monthly
25 assistance payment shall be the amount by which the ap-

1 plicable payment standard exceeds the highest of the fol-
2 lowing amounts, rounded to the nearest dollar:

3 “(i) 30 percent of the family’s monthly adjusted
4 income;

5 “(ii) 10 percent of the family’s monthly income;
6 or

7 “(iii) if the family is receiving payments for wel-
8 fare assistance from a public agency and a part of
9 such payments, adjusted in accordance with the fam-
10 ily’s actual housing costs, is specifically designated
11 by such agency to meet the family’s housing costs,
12 the portion of such payments which is so designated.

13 “(C) For a family receiving project-based assistance,
14 the rent the family is required to pay shall be determined
15 in accordance with section 3(a)(1) and the amount of the
16 housing assistance payment shall be determined in accord-
17 ance with subsection (c)(3).

18 “(3) At the time a family initially receives tenant-
19 based assistance with respect to any unit, the total amount
20 a family may pay towards rent may not exceed 40 percent
21 of the family’s monthly adjusted income.

22 “(4) At the time a family initially receives assistance
23 under the certificate program, a family shall qualify as—

24 “(A) a very low-income family,

1 “(B) a family previously assisted under this
2 Act, or

3 “(C) a low-income family that meets eligibility
4 criteria specified by the Secretary.

5 “(5) Reviews of family income shall be made at least
6 annually.

7 “(6)(A) In selecting families to be assisted, pref-
8 erence shall be given to families which, at the time they
9 are seeking assistance—

10 “(i) occupy substandard housing (including
11 families that are homeless or living in a shelter for
12 homeless families),

13 “(ii) are involuntarily displaced, or

14 “(iii) are paying more than 50 percent of family
15 income for rent.

16 “(B) A public housing agency may provide for cir-
17 cumstances in which families who do not qualify for any
18 preference established in subparagraph (A) are provided
19 assistance under this subsection before families who do
20 qualify for such preference. However, not more than 10
21 percent in the case of tenant-based assistance and not
22 more than 30 percent in the case of project-based assist-
23 ance (or such higher percentage, in either case, deter-
24 mined by the Secretary to be necessary or appropriate)
25 of the families who initially receive assistance in any 1-

1 year period may be families who do not qualify for such
2 preference. The public housing agency shall, in implement-
3 ing the preceding sentence, establish a system of pref-
4 erences in writing and after public hearing to respond to
5 local housing needs and priorities which may include—

6 “(i) assisting very low-income families who ei-
7 ther reside in transitional housing assisted under
8 title IV of the Stewart B. McKinney Homeless As-
9 sistance Act, or participate in a program designed to
10 provide public assistance recipients with greater ac-
11 cess to employment and educational opportunities;

12 “(ii) assisting families identified by local public
13 agencies involved in providing for the welfare of chil-
14 dren as having a lack of adequate housing that is a
15 primary factor in the imminent placement of a child
16 in foster care, or in preventing the discharge of a
17 child from foster care and reunification with his or
18 her family;

19 “(iii) assisting youth, upon discharge from fos-
20 ter care, in cases in which return to the family or
21 extended family or adoption is not available;

22 “(iv) assisting veterans who will use the assist-
23 ance for a dwelling unit designed for the handi-
24 capped, and, upon discharge or eligibility for dis-
25 charge from a hospital or nursing home, have a

1 physical disability which, because of the configura-
2 tion of their homes, prevents them from access to or
3 use of their homes, and

4 “(v) achieving other objectives of national hous-
5 ing policy as affirmed by Congress.

6 “(C) Any individual or family evicted from housing
7 assisted under the Act by reason of drug-related criminal
8 activity (as defined in subsection (f)(5)) shall not be eligi-
9 ble for a preference under any provision of this subpara-
10 graph for 3 years unless the evicted tenant successfully
11 completes a rehabilitation program approved by the Sec-
12 retary (which shall include waiver for any member of a
13 family of an individual prohibited from tenancy under this
14 clause who the agency determines clearly did not partici-
15 pate in and had no knowledge of such criminal activity
16 or when circumstances leading to eviction no longer exist).

17 “(7) The Secretary shall require, for any unit, that—

18 “(A) the public housing agency inspect the unit
19 before any assistance payment may be made to de-
20 termine that the unit meets housing quality stand-
21 ards for decent, safe, and sanitary housing estab-
22 lished by the Secretary for the purpose of this sec-
23 tion; and

24 “(B) the public housing agency make annual or
25 more frequent inspections during the contract term.

1 No assistance payment may be made for a dwelling unit
2 which fails to meet such quality standards, unless any
3 such failure is promptly corrected by the owner and the
4 correction is verified by the public housing agency.

5 “(8) If a family vacates a dwelling unit, no assistance
6 payment may be made for the unit after the month during
7 which the unit was vacated.

8 “(9) A public housing agency may adjust its payment
9 standard under this subsection where necessary to assure
10 continued affordability for families receiving tenant-based
11 assistance.

12 “(10) The Secretary may set aside up to 5 percent
13 of the budget authority available under this subsection as
14 an adjustment pool. The Secretary shall use amounts in
15 the adjustment pool for adjustments pursuant to para-
16 graph (9) to ensure continued affordability where the Sec-
17 retary determines additional assistance for this purpose is
18 necessary, based on documentation submitted by a public
19 housing agency.

20 “(11)(A) The rent for units assisted under this sub-
21 section shall be reasonable in comparison with rents
22 charged for comparable units in the private, unassisted
23 market.

24 “(B) A public housing agency shall, at the request
25 of a family receiving tenant-based assistance under this

1 subsection, assist such family in negotiating a reasonable
2 rent with an owner. A public housing agency shall review
3 the rent for a unit under consideration by the family (and
4 all rent increases for units under lease by the family) to
5 determine whether the rent (or rent increase) requested
6 by an owner is reasonable. If a public housing agency de-
7 termines that the rent (or rent increase) for a unit is not
8 reasonable, the agency shall disapprove a lease for such
9 unit.

10 “(C) If units assisted under this subsection are ex-
11 empt from local rent control while they are so assisted,
12 the rent for such units shall be reasonable in comparison
13 with other units in the market area that are exempt from
14 local rent control.

15 “(12)(A) A public housing agency may make assist-
16 ance payments on behalf of a family which utilizes a man-
17 ufactured home as its principal place of residence. Such
18 payments may be made for the rental of the real property
19 on which there is located a manufactured home which is
20 owned by any such family.

21 “(B)(i) For assistance pursuant to this paragraph,
22 the rent for the space on which a manufactured home is
23 located and with respect to which assistance payments are
24 to be made includes maintenance and management
25 charges and tenant-paid utilities.

1 “(ii) The public housing agency shall establish a pay-
2 ment standard for the purpose of determining the monthly
3 assistance which may be paid for any family under this
4 paragraph. This payment standard may not exceed an
5 amount approved or established by the Secretary.

6 “(iii) The monthly assistance payment for assistance
7 under this paragraph shall be determined in accordance
8 with paragraph (2).

9 “(13)(A) Where the Secretary enters into an annual
10 contributions contract with a public housing agency pursu-
11 ant to which the agency will enter into a contract for as-
12 sistance payments with respect to an existing structure
13 under this subsection, the contract for assistance pay-
14 ments may not be attached to the structure unless the
15 owner agrees to rehabilitate or newly construct the struc-
16 ture other than with assistance under this Act and other-
17 wise complies with the requirements of this section. The
18 public housing agency may approve such attachment for
19 up to 15 percent of the funding available for tenant-based
20 assistance administered by the agency under this section.

21 “(B) Notwithstanding any other provision of this sec-
22 tion, a public housing agency and an applicable State
23 agency may, on a priority basis, attach to structures not
24 more than an additional 15 percent of the assistance only
25 with respect to projects assisted under a State program

1 that permits the owner of the projects to prepay a State-
2 assisted or State-subsidized mortgage on the structure.
3 However, the attachment of assistance under this sub-
4 paragraph shall be for the purpose of—

5 “(i) providing incentives to owners to preserve
6 such projects for occupancy by low- and moderate-
7 income families (for the period that assistance under
8 this sentence is available), and

9 “(ii) to assist low-income families to afford any
10 increases in rent that may be required to induce the
11 owner to maintain occupancy in the project by low-
12 and moderate-income families.

13 “(C) Any assistance provided to low-income families
14 under subparagraph (B) shall not be considered for pur-
15 poses of the limitation under paragraph (6) regarding the
16 percentage of families that may receive assistance under
17 this section who do not qualify for preferences under that
18 paragraph.

19 “(D) In the case of a contract for assistance pay-
20 ments that is attached to a structure under this para-
21 graph, a public housing agency shall enter into a contract
22 with an owner, contingent upon the future availability of
23 appropriations for the purpose of renewing expiring con-
24 tracts for assistance payments as provided in appropria-
25 tions Acts, to extend the term of the underlying contract

1 for assistance payments for such period or periods as the
2 Secretary determines to be appropriate to achieve long-
3 term affordability of the housing. The contract shall obli-
4 gate the owner to have such extensions of the underlying
5 contract for assistance payments accepted by the owner
6 and the owner's successors interest. To the extent assist-
7 ance is used as provided in the second sentence of sub-
8 paragraph (B), the contract for assistance may, at the op-
9 tion of the public housing agency, have an initial term not
10 exceeding 15 years.

11 “(E) The Secretary shall annually survey public
12 housing agencies to determine which public housing agen-
13 cies have, in providing assistance in such year, reached
14 the 15 percent limitations contained in subparagraphs (A)
15 and (B), and shall report to the Congress on the results
16 of the survey.

17 “(F) For project-based assistance under this para-
18 graph, assistance contracts shall establish rents, and pro-
19 vide for rent adjustments, in accordance with subsection
20 (c).

21 “(14) A family may lease a unit, other than a public
22 housing unit, from the public housing agency with assist-
23 ance under this subsection. The Secretary may establish
24 appropriate program requirements for units owned by the
25 public housing agency, including requirements for HUD

1 approval of initial rents, rent adjustments, and adminis-
2 trative fees, taking into account that the agency admin-
3 istering the assistance is also the owner of the assisted
4 unit.

5 “(15) Subsection (c) shall not apply to tenant-based
6 assistance under this subsection.”.

7 (b) PORTABILITY.—Section 8(r) of such Act is
8 amended—

9 (1) in each of paragraphs (1) and (3), by strik-
10 ing “subsection (b) or”;

11 (2) in paragraph (3), by inserting at the end
12 the following new sentence: “The Secretary may re-
13 serve amounts available for assistance under sub-
14 section (o) to compensate public housing agencies
15 which issue certificates to families that move into
16 the jurisdiction of the agency under portability pro-
17 cedures.”; and

18 (3) by adding the following new paragraph at
19 the end:

20 “(5) A family may not receive a certificate from
21 an agency and move to another jurisdiction under
22 the tenant-based assistance program, if the family
23 has moved out of its assisted unit in violation of its
24 lease.”.

1 (c) REPEAL OF REQUIREMENT THAT OWNERS OF MUL-
2 TIFAMILY HOUSING PROJECTS LEASE TO CERTIFICATE
3 AND VOUCHER HOLDERS.—Section 8(t) of such Act is
4 hereby repealed.

5 (d) HOMEOWNERSHIP OPTION.—Section 8(y) of such
6 Act is amended—

7 (1) in paragraph (1)(A), by inserting before the
8 semicolon “or owns or is acquiring shares in a coop-
9 erative”;

10 (2) in paragraph (1)(B)(i), by inserting before
11 the semicolon “and demonstrates to the public hous-
12 ing agency that it has sufficient resources for home-
13 ownership”; and

14 (3) by amending paragraph (2)(A) to read as
15 follows:

16 “(A) DETERMINATION OF AMOUNT OF AS-
17 SISTANCE.—

18 “(i) Where the monthly homeowner-
19 ship expenses, as determined in accordance
20 with requirements established by the Sec-
21 retary, do not exceed the payment stand-
22 ard, the monthly assistance payment shall
23 be the amount by which the homeowner-
24 ship expenses exceed the highest of the fol-

1 lowing amounts, rounded to the nearest
2 dollar:

3 “(I) 30 percent of the family’s
4 monthly adjusted income;

5 “(II) 10 percent of the family’s
6 monthly income; or

7 “(III) if the family is receiving
8 payments for welfare assistance from
9 a public agency and a part of such
10 payments, adjusted in accordance with
11 the family’s actual housing costs, is
12 specifically designated by such agency
13 to meet the family’s housing costs, the
14 portion of such payments which is so
15 designated.

16 “(ii) Where the monthly homeowner-
17 ship expenses, as determined in accordance
18 with requirements established by the Sec-
19 retary, exceed the payment standard, the
20 monthly assistance payment shall be the
21 amount by which the applicable payment
22 standard exceeds the highest of the follow-
23 ing amounts, rounded to the nearest dollar:

24 “(I) 30 percent of the family’s
25 monthly adjusted income;

1 “(II) 10 percent of the family’s
2 monthly income; or

3 “(III) if the family is receiving
4 payments for welfare assistance from
5 a public agency and a part of such
6 payments, adjusted in accordance with
7 the family’s actual housing costs, is
8 specifically designated by such agency
9 to meet the family’s housing costs, the
10 portion of such payments which is so
11 designated.”.

12 (e) TECHNICAL AND CONFORMING AMENDMENTS TO
13 THE 1937 ACT; DELETION OF OBSOLETE PROVISIONS.—
14 The United States Housing Act of 1937 is amended as
15 provided by this subsection.

16 (1) The second and third sentences of section
17 8(a) are hereby repealed.

18 (2) Section 8(b) is amended by—

19 (A) striking “RENTAL CERTIFICATES AND
20 OTHER EXISTING HOUSING PROGRAMS.—” and
21 inserting “CERTIFICATES AND OTHER EXIST-
22 ING HOUSING PROGRAMS.—(1)’”;

23 (B) striking the second sentence.

1 (3) Section 8(c)(3) is amended by striking the
2 subparagraph designation “(A)” and striking all of
3 subparagraph (B).

4 (4) The first sentence of section 8(c)(4) is
5 amended by striking “or by a family that qualifies
6 to receive” and all that follows through “1990”.

7 (5) Sections 8(c) (5) and (7) are hereby re-
8 pealed.

9 (6) Section 8(c)(8) is amended by inserting
10 after “section” the following: “(other than a con-
11 tract under section 9(o))”.

12 (7) Section 8(c)(9) is amended by striking
13 “(but not less than 90 days in the case of housing
14 certificates or vouchers under subsection (b) or (o))”
15 and inserting “, other than a contract under sub-
16 section (o)”.

17 (8) Section 8(d)(1)(A) is amended—

18 (A) by inserting after the subparagraph
19 designation “(A)” the following: “except for as-
20 sistance under subsection (o),”;

21 (B) in clause (i) by striking “(I)”;

22 (C) in clause (i), by striking “and (II) 90
23 percent of such families in the case of assist-
24 ance not attached to a structure”; and

1 (D) in clause (i), by striking “except” and
2 all that follows through the semicolon at the
3 end.

4 (9) Section 8(d)(2) is amended by striking the
5 third sentence of subparagraph (A) and all that fol-
6 lows through the end of paragraph (2).

7 (10) Section 8(f) is amended by—

8 (A) in paragraph (6), striking “(d)(2)”
9 and inserting “(o)(13)”; and

10 (B) in paragraph (7), striking “(b) or”
11 and inserting before the period the following:
12 “and that provides for the eligible family to se-
13 lect suitable housing and to move to other suit-
14 able housing”.

15 (11) Section 8(j) is hereby repealed.

16 (12) Section 8(n) is hereby repealed.

17 (13) The first sentence of section 8(q)(1) and
18 sections 8(q)(2)(A)(i) and 8(q)(2)(B) are each
19 amended by striking “subsections (b) and (o)” and
20 inserting “this section”.

21 (14) Section 18(b)(3) is amended—

22 (A) in subparagraph (A)(v), by striking
23 “(excluding vouchers under section 8(o))” each
24 place it appears;

1 (B) in subparagraph (B), by striking
2 “8(d)(2)(A)” and inserting “8(o)(13)”;

3 (C) in subparagraph (B)(ii), by striking
4 “(excluding vouchers under section 8(o))”;

5 (D) in subparagraph (C)(i), by striking
6 “and vouchers”.

7 (15) Section 21(b)(3) is amended—

8 (A) in the first sentence, by striking “cer-
9 tificate under section 8(b)(1) or a housing
10 voucher under section 8(o)” and inserting “ten-
11 ant-based assistance under section 8”; and

12 (B) by striking the second sentence.

13 (16) Section 23(b)(3)(A) is amended by strik-
14 ing “Certificate and voucher assistance under sec-
15 tion 8 (b) and (o)” and inserting “Tenant-based as-
16 sistance under section 8”.

17 (f) OTHER TECHNICAL AND CONFORMING AMEND-
18 MENTS.—

19 (1) Section 931 of the Cranston-Gonzalez Na-
20 tional Affordable Housing Act is amended by strik-
21 ing “assistance under the certificate and voucher
22 programs under sections 8 (b) and (o)” and insert-
23 ing “tenant-based assistance under section 8”.

24 (2) Section 861(b)(1)(D) of the Cranston-Gon-
25 zalez National Affordable Housing Act is amended

1 by striking “certificates or vouchers” and inserting
2 “assistance”.

3 (3) Section 183(c)(2) of the Housing and Com-
4 munity Development Act of 1987 is amended by
5 striking “section 8(o)” and inserting “section 8”.

6 (4) Section 223(a) of the Housing and Commu-
7 nity Development Act of 1987 is amended by strik-
8 ing “sections 8(b) and 8(o)” and inserting “section
9 8”.

10 (5) The second sentence of section 533(a) of
11 the Housing Act of 1949 is amended by striking
12 “assistance payments as provided by section 8(o)”
13 and inserting “tenant-based assistance as provided
14 under section 8”.

15 (g) IMPLEMENTATION.—The Secretary shall imple-
16 ment the amendments made by this section by regulation
17 issued after notice and opportunity for public comment.
18 The amendments made by this section shall take effect
19 upon a date specified by the Secretary in the Federal Reg-
20 ister. The Secretary may provide for the conversion of as-
21 sistance under the certificate and voucher programs, as
22 they existed before the effective date of the amendments
23 made by this section, to the certificate program estab-
24 lished under this section. However, the Secretary may con-
25 tinue to apply the provisions of the United States Housing

1 Act of 1937 and other statutes amended by this section,
2 as they existed immediately before such effective date, to
3 assistance obligated by the Secretary before such effective
4 date for the certificate or voucher program, where nec-
5 essary for simplification of program administration, avoid-
6 ance of hardship, or other good cause.

7 SECTION 8 CERTIFICATE AND VOUCHER FEES

8 SEC. 413. (a) Section 8(q)(1) of the United States
9 Housing Act of 1937 is amended to read as follows:

10 “(1)(A) The Secretary shall establish fees for
11 the costs of administering the tenant-based assist-
12 ance programs under this Act.

13 “(B)(i) For the initial year the Secretary estab-
14 lishes fees under this section, as amended by the
15 Housing Choice and Community Investment Act of
16 1994, the fee for each month for which a dwelling
17 unit is covered by an assistance contract shall be
18 7.65 percent of the base amount in the case of an
19 agency that, on an annual basis, is administering a
20 program of more than 1,000 units, and 7 percent of
21 the base amount for each additional unit above
22 1,000. The base amount shall be the higher of (I)
23 the fair market rental for fiscal year 1993 for a 2-
24 bedroom existing rental dwelling unit in the market
25 area of the agency, and (II) such fair market rental
26 for fiscal year 1994, but not more than 103.5 per-

1 cent of the amount determined under clause (I); ex-
2 cept that the Secretary may require that the base
3 amount be not less than a minimum amount and not
4 more than a maximum amount.

5 “(ii) For subsequent fiscal years, the Secretary
6 shall publish in the Federal Register, for each geo-
7 graphic area, the amount of the fee that would apply
8 for agencies administering the program, based on
9 changes in wage data or other objectively measur-
10 able data that reflect the costs of administering the
11 program, as determined by the Secretary.

12 “(C) The Secretary may increase the fee if nec-
13 essary to reflect the higher costs of administering
14 small programs, the family self-sufficiency program
15 under section 23, and programs operating over large
16 geographic areas.”.

17 (b) Section (8)(q)(2)(A)(i) is amended to read as fol-
18 lows—

19 “(i) the costs of preliminary expenses, in the
20 amount of \$500, for a public housing agency, but
21 only in connection with its initial increment of as-
22 sistance received in the first year it administers a
23 tenant-based assistance program under this Act;”

24 (c) The amendments made by this section shall take
25 effect on a date specified by the Secretary in regulations

1 implementing the amendments. Until that date, the fees
2 applicable in fiscal year 1994 shall continue in effect.

3 Subtitle C—Miscellaneous

4 SECTION 811 RENTAL ASSISTANCE FOR PERSONS WITH
5 DISABILITIES

6 SEC. 421. (a) RENTAL ASSISTANCE FOR EXISTING
7 BUILDINGS.—Section 811 of the Cranston-Gonzalez Na-
8 tional Affordable Housing Act is amended—

9 (1) in subsection (d)(2), by inserting after the
10 dash the following new sentence:

11 “The Secretary may enter into contracts with
12 private, nonprofit organizations to provide
13 project rental assistance for supportive housing
14 for persons with disabilities, whether or not
15 that housing is developed with capital advances
16 under this section.”;

17 (2) in subsection (e)(1), by inserting imme-
18 diately after “assisted” the following: “with capital
19 advances”;

20 (3) by amending the first two sentences of sub-
21 section (e)(2) to read as follows: “The initial term
22 of a contract entered into under subsection (d)(2)
23 shall be 240 months for housing developed with a
24 capital advance, and shall be not more than 60
25 months for housing not developed with a capital ad-

1 vance. The Secretary shall, to the extent approved in
2 appropriation Acts, extend any expiring contracts for
3 a term of not less than 60 months;

4 (4) in subsection (g)(1), by inserting after “de-
5 velop” the following “(if applicable)”;

6 (5) in each of subsections (g) (3) and (5), by
7 inserting immediately before “proposed” the follow-
8 ing: “design or”;

9 (6) in subsection (j)(3)—

10 (A) by striking “An” and inserting in lieu
11 thereof the following: “(A) Where the housing
12 is to be assisted with capital advances under
13 this section, an”; and

14 (B) by adding the following new subpara-
15 graph at the end thereof:

16 “(B) Where the housing is to be assisted
17 only with project rental assistance, the appli-
18 cant shall have ownership or control of a suit-
19 able site at the time of application. The Sec-
20 retary may approve a change in site at any time
21 from the date the application is submitted to
22 the expiration date of the rental assistance con-
23 tract.”;

24 (7) in subsection (j)(4), by striking “The” and
25 inserting in lieu thereof the following: “Where the

1 housing is assisted with capital advances under this
2 section, the”;

3 (8) in the second sentence of subsection (k)(1),
4 by striking “the development of”;

5 (9) in subsection (k)(5), by inserting imme-
6 diately after “disabilities” the following: “, or that
7 receives rental assistance under this section to oper-
8 ate a project for supportive housing for persons with
9 disabilities”; and

10 (10) in subsection (m)(3), by striking out “(1)”
11 and inserting in lieu thereof “(2)”.

12 (b) REPEAL OF TENANT-BASED ASSISTANCE.—Sec-
13 tion 811 of such Act is amended—

14 (1) by amending subsection (b) to read as fol-
15 lows:

16 “(b) GENERAL AUTHORITY.—The Secretary is au-
17 thorized to provide assistance to private, non-profit orga-
18 nizations to expand the supply of supportive housing for
19 persons with disabilities. Such assistance shall be provided
20 as—

21 “(1) capital advances in accordance with sub-
22 section (d)(1), together with contracts for project
23 rental assistance in accordance with subsection
24 (d)(2), or

1 “(2) contracts for project rental assistance in
2 accordance with subsection (d)(2).

3 Such assistance may be used to finance the acquisition,
4 acquisition and moderate rehabilitation, construction, re-
5 construction, or moderate or substantial rehabilitation of
6 housing, including the acquisition from the Resolution
7 Trust Corporation, to be used as supportive housing for
8 persons with disabilities and may include real property ac-
9 quisition, site improvement, conversion, demolition, reloca-
10 tion, and other expenses that the Secretary determines are
11 necessary to expand the supply of supportive housing for
12 persons with disabilities.”;

13 (2) in each of subsections (d) (1) and (3),
14 (e)(1), and (g), and in the first and second sentences
15 of subsection (f), by striking “subsection (b)(2)” and
16 inserting the following: “this section”; and

17 (3) by striking subsection (d)(4).

18 (c) TECHNICAL CHANGES.—(1) Section 811(k)(6)(A)
19 of such Act is amended to read as follows:

20 “(A) that has received tax-exempt status under
21 section 501(c) (3) or (4) of the Internal Revenue
22 Code of 1986;

23 (2) Section 8(i) of the United States Housing Act of
24 1937 is hereby repealed.

1 FUNDING FOR SUPPORTIVE HOUSING FOR THE ELDERLY
2 AND FOR PERSONS WITH DISABILITIES

3 SEC. 422. Section 601 of the Housing and Commu-
4 nity Development Act of 1992 (Public Law 102–550; 106
5 Stat. 3802) is amended by striking subsection (a) and in-
6 serting the following new subsection:

7 “(a) AGGREGATE FUNDING.—There are authorized
8 to be appropriated for the purpose of providing assistance
9 in accordance with section 202 of the Housing Act of 1959
10 and section 811 of the Cranston-Gonzalez National Af-
11 fordable Housing Act \$537,000,000 for fiscal year 1995
12 and \$387,000,000 for fiscal year 1996. Of the foregoing
13 amounts, for fiscal year 1995, \$387,000,000 shall be to
14 carry out such section 811, and \$150,000,000 shall be to
15 carry out such section 202. The total amount for fiscal
16 year 1996 shall be to carry out such section 811.”.

17 YOUTHBUILD

18 SEC. 423. (a) Section 454(b) of subtitle D of title
19 IV of the Cranston-Gonzalez National Affordable Housing
20 Act is amended—

21 (1) in paragraph (2), by striking “Acquisition”
22 and all that follows through “facilities” and insert-
23 ing in lieu thereof the following: “Acquisition, reha-
24 bilitation, or acquisition and rehabilitation of vacant
25 housing and related facilities, or construction of new
26 housing and related facilities,”;

1 (2) by striking paragraph (6); and

2 (3) by designating paragraphs (7) and (8) as
3 paragraphs (6) and (7), respectively.

4 (b) Section 454(g) of such Act is hereby repealed.

5 (c) Section 455(a) of such Act is amended—

6 (1) in the first sentence, by inserting after “re-
7 ceiving assistance under this subtitle” the following:
8 “for costs such as construction, rehabilitation, and
9 acquisition”; and

10 (2) in paragraph (1)(A), by deleting “less than
11 60” and inserting in lieu thereof “that do not exceed
12 50”.

13 (d) Section 458(d) of such Act is amended by striking
14 “(b) and (c)” and inserting in lieu thereof “(a), (b), and
15 (c)”.

16 HOPE AUTHORIZATION OF APPROPRIATIONS

17 SEC. 424. Sections 402(a) and (b) of the Cranston-
18 Gonzalez National Affordable Housing Act (42 U.S.C.
19 12870) are amended to read as follows:

20 “(a) HOMEOWNERSHIP PROGRAMS.—There are au-
21 thorized to be appropriated for activities authorized under
22 title III of the United States Housing Act of 1937, and
23 subtitles B and C of title IV of the Cranston-Gonzalez Na-
24 tional Affordable Housing Act, including amounts for
25 technical assistance, \$100,000,000 for fiscal year 1995
26 and \$100,000,000 for fiscal year 1996.

1 “(b) YOUTHBUILD PROGRAM.—There are authorized
 2 to be appropriated for activities under subtitle D of title
 3 IV of the Cranston-Gonzalez National Affordable Housing
 4 Act \$50,000,000 for fiscal year 1995 and \$50,000,000 for
 5 fiscal year 1996. Any amounts appropriated pursuant to
 6 this subsection shall remain available until expended.”.

7 AUTHORIZATION OF APPROPRIATIONS FOR HOUSING
 8 OPPORTUNITIES FOR PERSONS WITH AIDS

9 SEC. 425. Section 863 of the Cranston-Gonzalez Na-
 10 tional Affordable Housing Act (42 U.S.C. 12912), is
 11 amended to read as follows:

12 **“SEC. 863. AUTHORIZATION OF APPROPRIATIONS.**

13 “‘There are authorized to be appropriated to carry out
 14 this subtitle \$156,000,000 for fiscal year 1995 and
 15 \$156,000,000 for fiscal year 1996.’”.

16 TITLE V—PRESERVATION AND PRODUCTION
 17 MISCELLANEOUS AMENDMENTS TO LIHPRHA

18 SEC. 501. (a) ESTABLISH A REALISTIC FEDERAL
 19 COST LIMIT.—(1) Section 215(a) of the Low-Income
 20 Housing Preservation and Resident Homeownership Act
 21 of 1990 is amended—

22 (A) in paragraph (1), by striking “120” and in-
 23 sserting “100”;

24 (B) by striking paragraph (2); and

1 (C) by redesignating paragraph (3) as para-
2 graph (2) and amending such paragraph by striking
3 “and the amount determined under paragraph (2)”.

4 (2) Section 215(b)(2)(C) is amended to read as fol-
5 lows:

6 “(C) file a second notice of intent under section
7 216(d) to terminate the low-income affordability re-
8 strictions through payment of the mortgage or vol-
9 untary termination of the insurance contract, subject
10 to compliance with the provisions of section 223.”.

11 (3)(A) Section 221 is hereby repealed.

12 (B)(i) Section 213(b)(2), section 214(b)(2), the sec-
13 ond sentence of section 217(a)(1), sections 224(a)(1) (B)
14 and (C), and section 224(a)(2) of such Act are each
15 amended by striking “or 221”.

16 (ii) The third sentence of section 214(b) of such Act
17 is amended by striking “219, 220, or 221” and inserting
18 “219 or 220”.

19 (iii) The third sentence of section 216(d)(1) of such
20 Act is amended by striking “sections 221 and 223” and
21 inserting “section 223”.

22 (iv) The second sentence of section 217(a)(1) of such
23 Act is amended by striking “or upon making of any bona
24 fide offer under section 221”.

1 (v) The last sentence of section 224(a) of such Act
2 is amended by striking “sections 220 and 221” and insert-
3 ing “section 220”.

4 (vi) Section 229 (8)(B) of such Act is amended by
5 striking “and 221”.

6 (b) CAP APPRAISALS UNDER LIHPRHA AT FAIR
7 MARKET VALUE FOR RESIDENTIAL RENTAL USE.—Sec-
8 tion 213(b)(2) of such Act is amended by inserting before
9 the period the following: “as residential rental housing”.

10 (c) REPEAL OF HOMEOWNERSHIP ASSISTANCE.—(1)
11 Section 220(d)(1) of such Act is amended to read as fol-
12 lows:

13 “(1) APPROVAL.—The Secretary may not ap-
14 prove a plan for any qualified purchaser unless the
15 Secretary finds that the criteria for approval under
16 section 222 have been satisfied.”.

17 (2) The matter preceding subparagraph (A) in sec-
18 tion 220(d)(2) of such Act is amended by striking “(in-
19 cluding all priority purchasers other than resident councils
20 acquiring under the homeownership program authorized
21 by section 226)”.

22 (3) Section 220(d)(2)(G) of such Act is amended to
23 read as follows:

24 “(G) in the case of a resident council orga-
25 nized to acquire the housing as a limited equity

1 cooperative, cover the costs of training for the
2 resident council and of ownership counseling
3 and training.”.

4 (4) Section 222(a) of such Act is amended by striking
5 out “(other than a resident council)”.

6 (5) Section 222(a)(2)(A) of such Act is amended by
7 inserting “rental or limited equity cooperative” imme-
8 diately after “the housing will be retained as”.

9 (6) Section 226 of such Act is hereby repealed.

10 (7) Section 231(a) of such Act is amended by—

11 (A) striking out “(A)” and all that follows
12 through “(B)”;

13 (B) inserting after “any nonprofit organiza-
14 tion” the following: “(including a resident council)”.

15 (d) NATIONAL HOUSING ACT CONFORMING AMEND-
16 MENT.—Section 241(f)(3)(A) of the National Housing Act
17 is amended by striking out “or 221”.

18 (e) TRANSITION PROVISION.—The amendments
19 made by this section shall only apply to eligible owners
20 that file a plan of action under the Low-Income Housing
21 Preservation and Resident Homeownership Act of 1990
22 on or after the date of enactment of this Act.

1 LOW-INCOME HOUSING PRESERVATION

2 AUTHORIZATION OF APPROPRIATIONS

3 SEC. 502. Section 234(a) of the Housing and Com-
4 munity Development Act of 1987 (12 U.S.C. 4124) is
5 amended to read as follows:

6 “(a) IN GENERAL.—There are authorized to be ap-
7 propriated for assistance and incentives authorized under
8 this subtitle \$226,000,000 for fiscal year 1996.”.

9 FHA FUND SUPPORT OF SECTION 8 ASSISTANCE FOR
10 PROPERTY DISPOSITION

11 SEC. 503. (a) Section 203 of the Housing and Com-
12 munity Development Amendments of 1978 is amended by
13 adding the following new subsection at the end thereof:

14 “(m) SPENDING AUTHORITY FOR SECTION 8 ASSIST-
15 ANCE.—In addition to amounts otherwise made available
16 for carrying out subsections (e) and (f) of this section,
17 the Secretary shall use not to exceed a total of
18 \$3,945,000,000 for fiscal years 1995 through 1999 for as-
19 sistance under section 8 of the United States Housing Act
20 of 1937, as authorized by subsections (e) and (f). These
21 funds are hereby made available from amounts in the Gen-
22 eral Insurance Fund or the Special Risk Insurance Fund,
23 as appropriate.”.

24 (b) Section 207(l) of the National Housing Act is
25 amended by adding in the first sentence after “or sell for
26 cash or credit or lease in his discretion,” the following:

1 “with or without provision for rental assistance that may
2 be either project-based or tenant-based,”.

3 HOME PROGRAM LOAN GUARANTEES

4 SEC. 504. HOME PROGRAM LOAN GUARANTEES.—
5 Title II of the Cranston-Gonzalez National Affordable
6 Housing Act (the Home Investment Partnership Act) is
7 amended by adding the following new section at the end
8 of subtitle A:

9 **“SEC. 227. LOAN GUARANTEES.**

10 “(a) The Secretary is authorized, upon such terms
11 and conditions as the Secretary may prescribe, to guaran-
12 tee and make commitments to guarantee, only to such ex-
13 tent or in such amounts as provided in appropriation Acts,
14 the notes or other obligations issued by eligible participat-
15 ing jurisdictions or by public agencies designated by and
16 acting on behalf of eligible participating jurisdictions for
17 purposes of financing (including credit enhancements and
18 debt service reserves) the acquisition, new construction,
19 reconstruction, or moderate or substantial rehabilitation
20 of affordable housing, including real property acquisition,
21 site improvement, conversion, demolition, and other ex-
22 penses, including financing costs, relocation expenses of
23 any displaced persons, families, businesses, or organiza-
24 tions. All housing funded under this section shall meet the
25 requirements of this title.

1 “(b) Notes or other obligations guaranteed under this
2 section shall be in such form and denominations, have
3 such maturities, and be subject to such conditions as may
4 be prescribed by regulations issued by the Secretary. The
5 Secretary may not deny a guarantee under this section
6 on the basis of the proposed repayment period for the note
7 or other obligation, unless the period is more than 20
8 years or the Secretary determines that the period other-
9 wise causes the guarantee to constitute an unacceptable
10 financial risk. To the extent provided in appropriation
11 Acts, the Secretary may enter into commitments to guar-
12 antee notes or other obligations under this section with
13 an aggregate principal amount of \$1,000,000,000 for fis-
14 cal year 1995 and \$1,000,000,000 for fiscal year 1996.

15 “(c) No guarantee or commitment to guarantee shall
16 be made with respect to any note or other obligation if
17 the total outstanding notes or obligations guaranteed
18 under this section on behalf of a participating jurisdiction
19 (excluding any amount defeased under a contract entered
20 into under subsection (e)(1)) would thereby exceed an
21 amount equal to 5 times the amount of the participating
22 jurisdiction’s latest HOME allocation.

23 “(d) Notwithstanding any other provision of this title,
24 funds allocated to the participating jurisdiction under this
25 title (including program income derived therefrom) are au-

1 thorized for use by the participating jurisdiction or by the
2 Secretary, in the payment of principal and interest due
3 on the notes or other obligations guaranteed pursuant to
4 this section and the payment of such servicing, underwrit-
5 ing, or other issuance or collection charges as may be spec-
6 ified in regulations issued by the Secretary.

7 “(e) To assure the full repayment of notes or other
8 obligations guaranteed hereunder as well as the issuance
9 or collection charges specified by the Secretary under
10 paragraph (d), and as a prior condition for receiving such
11 guarantees, the Secretary shall require the participating
12 jurisdiction (and its designated public agency issuer, if
13 any) to—

14 “(1) enter into a contract, in a form acceptable
15 to the Secretary, for repayment of such notes or
16 other obligations and the other specified charges;

17 “(2) pledge as security for such repayment any
18 allocation for which the participating jurisdiction
19 may become eligible under this title; and

20 “(3) furnish, at the discretion of the Secretary,
21 such other security as may be deemed appropriate
22 by the Secretary in making such guarantees, which
23 may include increments in local tax receipts gen-
24 erated by the housing assisted under this section or

1 disposition proceeds from the sale of land or hous-
2 ing.

3 “(f) The Secretary is authorized, notwithstanding
4 any other provision of this title or any other Federal, State
5 or local law, to apply allocations pledged pursuant to para-
6 graph (e) of this section to any repayments due the United
7 States as a result of such guarantees.

8 “(g) The full faith and credit of the United States
9 is pledged to the payment of all guarantees made under
10 this section. Any such guarantee made by the Secretary
11 shall be conclusive evidence of the eligibility of the notes
12 or other obligations for such guarantee with respect to
13 principal and interest, and the validity of any such guar-
14 antee so made shall be incontestable in the hands of a
15 holder of the guaranteed obligations.

16 “(h) Obligations guaranteed under this section shall
17 be subject to Federal taxation as provided in subsection
18 (j).

19 “(i) With respect to any obligation guaranteed pursu-
20 ant to this section, the interest paid on such obligation
21 shall be included in gross income for the purpose of chap-
22 ter 1 of the Internal Revenue Code of 1954.

23 “(j) The Secretary shall monitor the use of guaran-
24 tees under this section by eligible participating jurisdic-
25 tions. If the Secretary finds that 50 percent of the aggre-

1 gate guarantee authority has been committed, the Sec-
2 retary may—

3 “(1) impose limitations on the amount of guar-
4 antees any one participating jurisdiction may receive
5 in any fiscal year of \$35,000,000; or

6 “(2) request the enactment of legislation in-
7 creasing the aggregate limitation on guarantees
8 under this section.

9 “(k) No fee or other charge may be imposed by the
10 Secretary or any other Federal agency on or with respect
11 to a guarantee made by the Secretary under this section.

12 “(l)(1) The Secretary is authorized, upon such terms
13 and conditions as the Secretary deems appropriate, to
14 guarantee the timely payment of the principal of and in-
15 terest on such trust certificates or other obligations as
16 shall—

17 “(A) be offered by the Secretary or by any
18 other offeror approved for purposes of this sub-
19 section by the Secretary, and

20 “(B) be based on and backed by a trust or pool
21 composed of notes or other obligations guaranteed or
22 eligible for guarantee by the Secretary under this
23 section.

24 “(2) To the same extent as provided in paragraph
25 (g), the full faith and credit of the United States is

1 pledged to the payment of all amounts which may be re-
2 quired to be paid under any guarantee by the Secretary
3 under this subsection.

4 “(3) In the event the Secretary pays a claim under
5 a guarantee issued under this section, the Secretary shall
6 be subrogated fully to the rights satisfied by such pay-
7 ment.

8 “(4) No State or local law, and no Federal law, shall
9 preclude or limit the exercise by the Secretary of—

10 “(A) the power to contract with respect to pub-
11 lic offerings and other sales of notes, trust certifi-
12 cates and other obligations guaranteed under this
13 section upon such terms and conditions as the Sec-
14 retary deems appropriate,

15 “(B) the right to enforce by any means deemed
16 appropriate by the Secretary any such contract, and

17 “(C) The Secretary’s ownership rights, as appli-
18 cable, in notes, certificates or other obligations guar-
19 anteed under this section, or constituting the trust
20 or pool against which trust certificates or other obli-
21 gations guaranteed under this section are offered.

22 “(m) There are authorized to be appropriated such
23 sums as may be necessary for each of fiscal years 1995
24 and 1996 for the cost to the Government, as defined in

1 section 502 of the Congressional Budget Act, of guaran-
2 teed loans under this section.”.

3 HOME AUTHORIZATION OF APPROPRIATIONS

4 SEC. 505. Section 205 of the Cranston-Gonzalez Na-
5 tional Affordable Housing Act (42 U.S.C. 1274) is amend-
6 ed to read as follows:

7 **“SEC. 205. AUTHORIZATION.**

8 “There are authorized to be appropriated to carry out
9 this title \$1,000,000,000 for fiscal year 1995, and
10 \$1,000,000,000 for fiscal year 1996.”.

11 EXTENSION OF THE SECTION 221(g)(4) AUCTION

12 PROVISIONS

13 SEC. 506. The first sentence of section
14 221(g)(4)(C)(viii) of the National Housing Act is amended
15 by striking “September 30, 1995” and inserting “Decem-
16 ber 31, 2005”.

17 EXTENSION OF THE MULTIFAMILY MORTGAGE CREDIT

18 DEMONSTRATIONS

19 SEC. 507. Section 542 of the Housing and Commu-
20 nity Development Act of 1992 is amended—

21 (1) in subsection (b)(5), by striking “1993 and
22 1994” and inserting “1995 and 1996”; and

23 (2) in subsection (c)(4), by striking “1993,
24 1994, and 1995” and inserting “1995, 1996, and
25 1997”.

1 TITLE VI—EXPANSION OF FAIR HOUSING

2 METROPOLITAN AREAWIDE STRATEGY DEMONSTRATION

3 SEC. 601. (a) The Secretary of Housing and Urban
4 Development shall carry out, through consortia of units
5 of general local government, a demonstration that makes
6 assisted housing available in three metropolitan areas on
7 a metropolitan, areawide basis. The demonstration shall
8 be designed to determine how best to (1) affirmatively fur-
9 ther fair housing and address the problem or racial seg-
10regation in metropolitan areas; (2) achieve the goal of
11 overcoming racial spatial separation and segregation, in-
12cluding testing the effect of filling vacancies in assisted
13 housing by use of a consolidated waiting list; (3) enlist
14 cooperation by units of general local government, public
15 housing agencies, and private owners of assisted housing
16 in achieving such goals; (4) make public housing a path
17 to social and economic mobility; (5) eliminate housing dis-
18 crimination; and (6) accomplish related objectives, as de-
19 termined by the Secretary.

20 (b) The Secretary shall select the consortia on a com-
21 petitive basis and make a grant to each consortia selected
22 to carry out the demonstration. An application shall dem-
23 onstrate that a sufficient number of units of general local
24 government, public housing agencies, and private owners
25 of assisted housing are committed to participate in the

1 demonstration to make the demonstration feasible, includ-
2 ing commitments to comply with alternative program re-
3 quirements specified by the Secretary. The demonstration
4 shall have a three-year term with respect to each site.

5 (c) The Secretary may waive, or specify alternative
6 requirements for, any provision of any statute or regula-
7 tion that the Secretary administers upon finding that the
8 waiver or alternative requirement (1) is necessary to facili-
9 tate the demonstration, and (2) would not be inconsistent
10 with the overall purpose of the statute or regulation af-
11 fected. In no event may the Secretary waive, or specify
12 alternative requirements for, statutory requirements relat-
13 ed to nondiscrimination, fair housing, labor standards, or
14 the environment, except that the Secretary may waive af-
15 firmative marketing requirements for participants in the
16 demonstration.

17 (d) There are authorized to be appropriated for the
18 costs related to regional planning, housing counseling, de-
19 velopment of a model consolidated waiting list, and admin-
20 istration under the demonstration established by this sec-
21 tion, \$15,000,000 for each of fiscal years 1995, 1996, and
22 1997. Of the amounts appropriated for annual contribu-
23 tions for assisted housing under the United States Hous-
24 ing Act of 1937, the Secretary shall earmark \$9,000,000
25 for each of fiscal years 1995, 1996, and 1997 for mod-

ernization of public housing under section 14 of that Act by public housing agencies participating in the demonstration that are located in the central city of the metropolitan area. Of the amounts appropriated for annual contributions for assisted housing under the United States Housing Act of 1937 and earmarked for tenant-based assistance under section 8 of that Act, the Secretary may set aside up to \$100,000,000 for use by public housing agencies in support of the demonstration.

EXPAND USE OF AMOUNTS IN SECTION 213(d)(4)

HEADQUARTERS RESERVE IN CONNECTION WITH

SETTLEMENT OF CIVIL RIGHTS LITIGATION

SEC. 602. (a) Section 213(d)(4)(A) of the Housing and Community Development Act of 1974 is amended by—

(1) striking “and” at the end of clause (iii);

(2) redesignating clause (iv) as clause (v); and

(3) inserting the following new clause after clause (iii):

“(iv) fair housing activities and cash payments, in connection with the settlement of civil rights litigation (excluding litigation brought by an employee or former employee of the Secretary); and”.

1 (b) Section 5 of the United States Housing Act of
2 1937 is amended by adding at the end the following new
3 subsection:

4 “(m) The Secretary may use up to five percent of
5 the aggregate amount appropriated under this Act for
6 public housing development and section 8 assistance for
7 the activities eligible for funding from amounts retained
8 by the Secretary in accordance with section 213(d) of the
9 Housing and Community Development Act of 1974.”.

10 MAKE CDBG EXPENDITURES ON FAIR HOUSING

11 ACTIVITIES ELIGIBLE ACTIVITIES IN THEIR OWN RIGHT

12 SEC. 603. (a) Section 105(a) of the Housing and
13 Community Development Act of 1974 is amended—

14 (1) in paragraph (24), by striking “and” at the
15 end;

16 (2) in paragraph (25), by striking the period at
17 the end and inserting “; and”; and

18 (3) by adding at the end the following new
19 paragraph:

20 “(26) activities that affirmatively further fair
21 housing.”.

22 (b) Section 105(c) of such Act is amended by adding
23 the following new paragraph at the end:

24 “(5) Any activity carried out under subsection

25 (a)(26) shall be presumed to benefit persons of low
26 and moderate income.”.

1 FAIR HOUSING INITIATIVES PROGRAM AUTHORIZATION OF
2 APPROPRIATIONS

3 SEC. 604. Section 561(g) of the Housing and Com-
4 munity Development Act of 1987 (42 U.S.C. 3616 note)
5 is amended to read as follows:

6 “(g) AUTHORIZATION OF APPROPRIATIONS.—There
7 are authorized to be appropriated to remain available until
8 expended, to carry out the provisions of this section
9 \$26,000,000 for fiscal year 1995 and \$26,000,000 for fis-
10 cal year 1996, of which—

11 “(1) not less than \$9,000,000 for fiscal year
12 1995 and not less than \$9,000,000 for fiscal year
13 1996 shall be for private enforcement initiatives au-
14 thorized under subsection (b), divided equally be-
15 tween activities specified under subsection (b)(1)
16 and those specified under subsection (b)(2);

17 “(2) not less than \$7,000,000 for fiscal year
18 1995 and not less than \$7,000,000 for fiscal year
19 1996 shall be for fair housing enforcement organiza-
20 tions authorized under subsection (c);

21 “(3) not less than \$7,000,000 for fiscal year
22 1995 and not less than \$7,000,000 for fiscal year
23 1996 shall be for education and outreach programs
24 authorized under subsection (d); and

1 “(4) not less than \$3,000,000 for fiscal year
2 1995 and not less than \$3,000,000 for fiscal year
3 1996 shall be for administrative enforcement.”.

4 CIVIL MONEY PENALTIES FOR VIOLATIONS OF THE HOME
5 MORTGAGE DISCLOSURE ACT BY NONSUPERVISED
6 MORTGAGEES

7 SEC. 605. Section 305 of the Home Mortgage Disclo-
8 sure Act of 1975 is amended as follows:

9 (1) Subsection (b)(4) is repealed.

10 (2) Subsection (c) is redesignated as section
11 305(d).

12 (3) A new subsection (c) is added, to read:

13 “(c) POWERS OF THE SECRETARY OF HOUSING AND
14 URBAN DEVELOPMENT.—

15 “(1) IN GENERAL.—The Secretary of Housing
16 and Urban Development (“the Secretary”) shall en-
17 force compliance with the requirements imposed
18 under this title with regard to lending institutions
19 not named in subsection (b).

20 “(2) CIVIL MONEY PENALTIES.—Pursuant to
21 paragraph (1) of this subsection, the Secretary may
22 impose a civil money penalty for failure to comply
23 with the requirements of this title.

24 “(3) AMOUNT OF PENALTY.—The amount of
25 the penalty, as determined by the Secretary, may
26 not exceed \$5,000 for each violation, except that the

1 maximum penalty for all violations by any particular
2 lending institution during any 1-year period shall
3 not exceed \$1,000,000 .

4 “(4) VIOLATIONS FOR WHICH A PENALTY MAY
5 BE IMPOSED.—A civil money penalty may be im-
6 posed for the late submission of a report, failure to
7 submit a report, submission of an illegible report,
8 submission of an erroneous report, and failure to
9 submit a corrected report for a report that was illeg-
10 ible or erroneous.

11 “(5) AGENCY PROCEDURES.—

12 “(A) ESTABLISHMENT.—The Secretary
13 shall establish standards and procedures gov-
14 erning the imposition of civil money penalties
15 under this section. These standards and proce-
16 dures shall provide for the Secretary to make
17 the determination to impose the penalty or to
18 use an administrative entity (such as the Mort-
19 gagee Review Board, established pursuant to
20 section 202(c) of the National Housing Act) to
21 make the determination; shall provide for the
22 imposition of a penalty only after the lending
23 institution has been given an opportunity for a
24 hearing on the record; and may provide for re-
25 view by the Secretary of a determination or

1 order, or interlocutory ruling, arising from a
2 hearing.

3 “(B) FINAL ORDERS.—If no hearing is re-
4 quested within 15 days of receipt of the notice
5 of opportunity for hearing, the imposition of the
6 penalty shall constitute a final and
7 unappealable determination. If the Secretary re-
8 views the determination or order, the Secretary
9 may affirm, modify, or reverse that determina-
10 tion or order. If the Secretary does not review
11 the determination or order within 90 days of
12 the issuance of the determination or order, the
13 determination or order shall be final.

14 “(C) FACTORS IN DETERMINING AMOUNT
15 OF PENALTY.—In determining the amount of a
16 penalty under this subsection, consideration
17 shall be given to such factors as the gravity of
18 the offense, any history of prior offenses, ability
19 to pay the penalty, deterrence of future viola-
20 tions, and such other factors as the Secretary
21 may determine to be appropriate.

22 “(D) REVIEWABILITY OF IMPOSITION OF
23 PENALTY.—The Secretary’s determination or
24 order imposing a penalty under this subsection

1 shall not be subject to review, except as pro-
2 vided in this subsection.

3 “(6) JUDICIAL REVIEW OF AGENCY DETER-
4 MINATION.—

5 “(A) IN GENERAL.—After exhausting all
6 administrative remedies established by the Sec-
7 retary under this subsection, a lending institu-
8 tion against whom the Secretary has imposed a
9 civil money penalty under this subsection may
10 obtain a review of the penalty as may be ad-
11 dressed in the notice of determination to impose
12 a penalty in the appropriate court of appeals of
13 the United States, by filing in such court, with-
14 in 20 days after the entry of such order or de-
15 termination, a written petition praying that the
16 Secretary’s determination or order be modified
17 or set aside in whole or in part.

18 “(B) OBJECTIONS NOT RAISED IN HEAR-
19 ING.—The court shall not consider any objec-
20 tion that was not raised in the hearing con-
21 ducted pursuant to this subsection unless a
22 demonstration is made of extraordinary cir-
23 cumstances causing the failure to raise the ob-
24 jection. If any party demonstrates to the satis-
25 faction of the court that additional evidence not

1 presented at the hearing is material and that
2 there were reasonable grounds for the failure to
3 present such evidence at the hearing, the court
4 shall remand the matter to the Secretary for
5 consideration of the additional evidence.

6 “(C) SCOPE OF REVIEW.—The decisions,
7 findings, and determinations of the Secretary
8 shall be reviewed pursuant to section 706 of
9 title 5, United States Code.

10 “(D) ORDER TO PAY PENALTY.—Notwith-
11 standing any other provided of law, in any such
12 review, the court shall have the power to order
13 payment of the penalty imposed by the Sec-
14 retary.

15 “(7) ACTION TO COLLECT PENALTY.—If a lend-
16 ing institution fails to comply with the Secretary’s
17 determination or order imposing a civil money pen-
18 alty under this subsection, after the determination
19 or order is no longer subject to review as provided
20 by this subsection, the Secretary may bring an ac-
21 tion in an appropriate United States district court to
22 obtain a monetary judgment against the lending in-
23 stitution. In such an action, the validity and appro-
24 priateness of the Secretary’s determination or order
25 imposing the penalty shall not be subject to review.

1 The monetary judgment may, in the court’s discre-
2 tion, include the attorneys fees and other expenses
3 incurred by the United States in connection with the
4 action.

5 “(8) SETTLEMENT BY SECRETARY.—The Sec-
6 retary may compromise, modify, or remit any civil
7 money penalty which may be imposed under this
8 subsection.

9 “(9) REGULATIONS.—The Secretary shall issue
10 such regulations as the Secretary deems appropriate
11 to implement this subsection.

12 “(10) DEPOSIT OF PENALTIES IN U.S. TREAS-
13 URY.—All civil money penalties collected under this
14 subsection shall be deposited in the Miscellaneous
15 Receipts Account of the Treasury.”.

16 TITLE VII—COMMUNITY DEVELOPMENT AND
17 EMPOWERMENT

18 Subtitle A—Neighborhood Leveraged Investments for
19 Tomorrow (LIFT) Program Authorization

20 SEC. 701. (a) PROGRAM AUTHORIZATION.—The Sec-
21 retary is authorized to make grants in accordance with
22 the provisions of this subtitle to States, units of general
23 local government, Indian tribes, and community-based
24 non-profit organizations for the purpose of stimulating
25 public and private investment in the community-building

1 enterprises that provide essential services to disadvan-
2 taged communities, spur new investment and development
3 in nearby areas, and create jobs for neighborhood resi-
4 dents.

5 (b) FUNDING AUTHORIZATION.—

6 (1) IN GENERAL.—There are authorized to be
7 appropriated for purposes of this subtitle
8 \$200,000,000 for fiscal year 1995 and such sums as
9 may be necessary for fiscal year 1996. Any amount
10 appropriated shall remain available until expended.

11 (2) ALLOCATION OF FUNDS.—

12 (A) Of the amounts appropriated under
13 paragraph (1) for any fiscal year, the Secretary
14 shall set aside such amounts as the Secretary
15 deems appropriate to carry out the training, in-
16 formation, and technical assistance activities re-
17 ferred to in section 707.

18 (B) Of the amounts remaining each fiscal
19 year after amounts are set aside under subpara-
20 graph (A)—

21 (i) 75 percent shall be available for
22 neighborhood revitalization grants under
23 section 704; and

24 (ii) 25 percent shall be available for
25 project-based grants under section 705.

1 ELIGIBLE NEIGHBORHOODS

2 SEC. 702. (a) INDICIA OF NEED.—Grants under this
3 subtitle may only be used in neighborhoods that meet such
4 criteria of need as the Secretary shall prescribe. These cri-
5 teria may include—

6 (1) concentrations of persons of low and mod-
7 erate income in census tracts in the neighborhood;

8 (2) poverty rates in the neighborhood;

9 (3) rates of unemployment in the neighborhood;

10 and

11 (4) such other indicia of economic need as the
12 Secretary deems appropriate.

13 (b) LIMITATION.—Eligible neighborhoods under this
14 section shall be located outside central business districts,
15 as determined by the Secretary, except that the Secretary
16 may waive this requirement, if the Secretary determines
17 that a successful neighborhood revitalization strategy is
18 contingent upon the simultaneous revitalization of such a
19 district.

20 ELIGIBLE ACTIVITIES

21 SEC. 703. Grants under this subtitle may be used to
22 carry out activities to further the comprehensive physical
23 and economic revitalization of eligible neighborhoods, in-
24 cluding (but not limited to) activities such as the construc-
25 tion, rehabilitation, or financing of—

26 (1) retail and service facilities;

1 (2) mixed-use projects;

2 (3) projects that link economic development and
3 housing;

4 (4) community centers; and

5 (5) community-based business expansions.

6 Grantees may provide assistance under this subtitle
7 through grants, loans, credit enhancements, or other ap-
8 propriate mechanisms.

9 GRANTS FOR NEIGHBORHOOD REVITALIZATION PROJECTS

10 SEC. 704. (a) IN GENERAL.—Of amounts allocated
11 under section 701(b)(2)(B)(i), the Secretary shall make
12 grants for the purpose of assisting the development and
13 implementation of neighborhood revitalization projects in
14 eligible neighborhoods, which may include projects in
15 which grantees participate as developers or joint-venture
16 partners with for-profit entities.

17 (b) SELECTION PROCESS.—

18 (1) IN GENERAL.—The Secretary shall select
19 grantees under this section on a non-competitive
20 basis, through negotiation with the grantee.

21 (2) SELECTION CRITERIA.—In selecting
22 projects, the Secretary shall consider the extent to
23 which the assisted activities will—

24 (A) provide essential goods and services to
25 residents of the neighborhood;

1 (B) generate jobs for residents of the
2 neighborhood, especially for residents who are
3 chronically unemployed or receive welfare;

4 (C) be an essential element of, and catalyst
5 for, the comprehensive physical and economic
6 revitalization of the neighborhood;

7 (D) build the economic base of the neigh-
8 borhood through such measures as business ex-
9 pansion, and job opportunities and meaningful
10 reinvestment of a share of the profits of a suc-
11 cessful project in the neighborhood, including
12 economically empowering neighborhood resi-
13 dents to carry out additional neighborhood de-
14 velopment projects;

15 (E) leverage public and private investment
16 (other than assistance under this subtitle) in
17 the physical and economic revitalization of the
18 neighborhood and in the activities proposed to
19 be assisted; and

20 (F) meet such other factors as the Sec-
21 retary deems appropriate to carry out the objec-
22 tives of this section.

23 (c) AUTHORITY OF SECRETARY.—The Secretary
24 shall prescribe such requirements for the making of grants
25 under this section as the Secretary deems appropriate.

1 COMPETITIVE GRANTS FOR PROJECT-BASED GRANTS

2 SEC. 705. (a) IN GENERAL.—Of amounts allocated
3 under section 701(b)(2)(B)(ii), the Secretary shall make
4 grants for the purpose of facilitating private and public
5 sector investment in economic revitalization projects in eli-
6 gible neighborhoods.

7 (b) APPLICATIONS.—

8 (1) FORM AND PROCEDURE.—An application
9 for a grant under this section shall be submitted in
10 such form and in accordance with such procedures
11 as the Secretary shall prescribe.

12 (2) MINIMUM REQUIREMENTS—An application
13 shall at a minimum—

14 (A) request a grant under this section,
15 specifying the amount of the grant requested
16 and its proposed uses;

17 (B) demonstrate that the neighborhood in
18 which the proposed activities are to be carried
19 out is an eligible neighborhood under section
20 702;

21 (C) describe the applicant's comprehensive
22 strategy for the physical and economic revital-
23 ization of the neighborhood;

24 (D) demonstrate that the proposed activi-
25 ties are an integral part of this strategy;

1 (E) demonstrate that the proposed project
2 is consistent with, and an integral part of, the
3 relevant housing and community development
4 plans of the State or unit of general local gov-
5 ernment; and

6 (F) contain a certification that the appli-
7 cant will comply with the requirements of the
8 Fair Housing Act, title VI of the Civil Rights
9 Act of 1964, section 504 of the Rehabilitation
10 Act of 1973, and the Age Discrimination Act of
11 1975, and will affirmatively further fair hous-
12 ing.

13 (c) SELECTION CRITERIA.—The Secretary shall es-
14 tablish selection criteria for awarding grants under this
15 section. These criteria shall consider the extent to which
16 the assisted activities—

17 (1) generate jobs for residents of the neighbor-
18 hood, especially for residents who are chronically un-
19 employed or receive welfare;

20 (2) build the economic base of the neighborhood
21 through such measures as business expansion, and
22 job opportunities and meaningful reinvestment of a
23 share of the profits of a successful project in the
24 neighborhood, including economically empowering

1 neighborhood residents to carry out additional neigh-
2 borhood development projects;

3 (3) are sponsored by for-profit or non-profit de-
4 velopment partnerships with a proven record of suc-
5 cess;

6 (4) build upon and expand the capacity of local
7 institutions to carry out neighborhood revitalization;

8 (5) are an integral part of the housing and
9 community development plans of the appropriate
10 governmental jurisdiction; and

11 (6) meet such other factors as the Secretary
12 deems appropriate to carry out the objectives of this
13 section.

14 (d) GRANT LIMITATIONS.—

15 (1) NEED FOR GRANT.—A grant may be made
16 under this section only if the Secretary determines
17 that the grantee has made efforts to complete the
18 project without a grant under this section, but can-
19 not do so consistent with the timely execution of the
20 project without the grant.

21 (2) NUMBER OF APPLICATIONS.—The Secretary
22 shall establish limits on the number of applications
23 submitted by individual grantees within any unit of
24 general local government, State, or Indian tribe for

1 each announcement of funding availability that is
2 published in the Federal Register.

3 (3) GRANT CAP.—The Secretary shall establish
4 aggregate limits on the grant amounts that may be
5 made available to individual grantees within a unit
6 of general local government, State, or Indian tribe
7 for each announcement of funding availability that is
8 published in the Federal Register.

9 (e) AUTHORITY OF SECRETARY.—The Secretary
10 shall prescribe such requirements for the making of grants
11 under this section as the Secretary deems appropriate.

12 RECORDS, REPORTS, AND AUDITS

13 SEC. 706. (a) KEEPING OF RECORDS.—Each grantee
14 shall keep such records as may be reasonably necessary
15 to disclose the amounts and the disposition of grant
16 amounts received under this subtitle and to ensure compli-
17 ance with the requirements of this subtitle.

18 (b) GRANTEE REPORTS.—Each grantee shall submit
19 to the Secretary a report, or series of reports, in a form
20 and at a time specified by the Secretary. Each report
21 shall—

22 (1) describe the use of funds made available
23 under this subtitle; and

24 (2) describe and analyze the effect of assisted
25 activities in addressing the objectives of this subtitle.

1 (c) ACCESS TO DOCUMENTS BY THE SECRETARY.—

2 The Secretary shall have access for the purpose of audit
3 and examination to any books, documents, papers, and
4 records of the grantee that are pertinent to assistance re-
5 ceived in connection with, and the requirements of, this
6 subtitle.

7 (d) ACCESS TO DOCUMENTS BY THE COMPTROLLER

8 GENERAL.—The Comptroller General of the United
9 States, or any of the duly authorized representatives of
10 the Comptroller General, shall have access for the purpose
11 of audit and examination to any books, documents, papers,
12 and records of the grantee that are pertinent to assistance
13 received under, and the requirements of, this subtitle.

14 TRAINING AND INFORMATION ACTIVITIES

15 SEC. 707. From amounts set aside under section
16 701(b)(1), the Secretary shall carry out, directly or
17 through contracts, training, information, and technical as-
18 sistance activities with respect to the programs authorized
19 by this subtitle.

20 DEFINITIONS

21 SEC. 708. As used in this subtitle:

22 (1) The term “Indian tribe” has the meaning
23 given such term in section 102(a)(17) of the Hous-
24 ing and Community Development Act of 1974.

1 (2) The term “neighborhood” means an area
2 consisting of such geographic and other characteris-
3 tics as the Secretary may prescribe.

4 (3) The term “nonprofit” organization”
5 means—

6 (A) an organization—

7 (i) that is described in section 501(c)
8 of the Internal Revenue Act of 1986; and

9 (ii) is exempt from taxation under
10 section 501(a) of such Code; or

11 (B) an organization—

12 (i) no part of the net earnings of
13 which inures to the benefit of any member,
14 founder, contributor, or individual;

15 (ii) that in the case of a private non-
16 profit organization, has a voluntary board;

17 (iii) that has an accounting system, or
18 has designated a fiscal agent in accordance
19 with requirements established by the Sec-
20 retary; and

21 (iv) that practices nondiscrimination
22 in the provision of assistance.

23 (4) The term “Secretary” means the Secretary
24 of Housing and Urban Development.

1 (5) The term “State” has the meaning given
2 the term in section 102(a)(2) of the Housing and
3 Community Development Act of 1974.

4 (6) The term “unit of general local govern-
5 ment” means—

6 (A) a city, town, township, county, parish,
7 village, or other general purpose political sub-
8 division of a State;

9 (B) the District of Columbia; and

10 (C) any agency or instrumentality thereof
11 that is established pursuant to legislation and
12 designated by the chief executive to act on be-
13 half of the jurisdiction with regard to provisions
14 of this subtitle.

15 The term includes a consortium of geographically
16 contiguous units of general local government, if the
17 Secretary determines that the consortium—

18 (i) has sufficient authority and administra-
19 tive capability to carry out the purposes of this
20 subtitle on behalf of its member jurisdictions;
21 and

22 (ii) meets such other requirements as the
23 Secretary may prescribe.

1 Subtitle B—Community Viability Fund

2 PROGRAM AUTHORIZATION

3 SEC. 771. Section 123 of the Housing and Urban-
4 Rural Recovery Act of 1983 is amended to read as follows:

5 “COMMUNITY VIABILITY FUND

6 “SEC. 123. (a) AUTHORIZATION.—

7 “(1) PROGRAM AUTHORITY.—The Secretary is
8 authorized, in accordance with the provisions of this
9 section—

10 “(A) to make grants for strategic planning
11 and urban design, as provided in subsection (b);

12 “(B) to make grants for community insti-
13 tution building and neighborhood development,
14 as provided in section (c); and

15 “(C) to provide analysis, information dis-
16 semination, travel, technical assistance, and rec-
17 ognition awards, as provided in section (d).

18 “(2) FUNDING AUTHORITY.—

19 “(A) IN GENERAL.—There are authorized
20 to be appropriated for purposes of this section
21 \$130,000,000 for fiscal year 1995 and such
22 sums as may be necessary for fiscal year 1996.
23 Any amounts appropriated shall remain avail-
24 able until expended.

1 “(B) OVERALL ALLOCATION OF FUNDS.—

2 Of the amounts appropriated under paragraph
3 (2) for each such year—

4 “(i) not to exceed \$30,000,000 shall
5 be available for grants for strategic plan-
6 ning and urban design under subsection
7 (b);

8 “(ii) not to exceed \$100,000,000 shall
9 be available for grants for community in-
10 stitution building and neighborhood devel-
11 opment under subsection (c); and

12 “(iii) not to exceed \$10,000,000 shall
13 be available for analysis, information dis-
14 semination, travel, technical assistance,
15 and recognition awards under subsection
16 (d).

17 “(b) GRANTS FOR STRATEGIC PLANNING AND
18 URBAN DESIGN.—

19 “(1) IN GENERAL.—From amounts set aside
20 under subsection (a)(2)(B)(i), the Secretary is au-
21 thorized to make grants in furtherance of the objec-
22 tives of this subsection to States; units of general
23 local government; and metropolitan, non-metropoli-
24 tan, and regional planning agencies.

1 “(2) CATEGORIES OF ACTIVITIES.—The Sec-
2 retary is authorized to allocate amounts available
3 under this subsection for the following categories of
4 activities:

5 “(A) Urban design and the development of
6 public amenities in lower income neighborhoods
7 that serve as a catalyst for the renewal of the
8 neighborhood.

9 “(B) Development and implentation of
10 comprehensive plans that focus on local and
11 metropolitan stategies which create sustainable
12 community development at the neighborhood,
13 city, and metropolitan level.

14 “(C) Expanding economic opportunities for
15 persons of low and moderate income through
16 areawide planning approaches that provide edu-
17 cational and employment opportunities for such
18 persons.

19 “(D) Coordinated efforts that stimulate
20 fair housing, further the deconcentration of the
21 poor and minorities, reduce the isolation of in-
22 come groups within communities, remove bar-
23 riers to affordable housing development, and ex-
24 pand housing opportunities for persons of low
25 and moderate income.

1 “(E) The conservation of important his-
2 toric, visual, and cultural features.

3 “(F) The development and implementation
4 of comprehensive approaches that integrate
5 poorer, inner-city neighborhoods into the great-
6 er metropolitan region.

7 “(G) Such other categories as the Sec-
8 retary determines will further the purposes of
9 this subsection.

10 “(3) ALLOCATION OF FUNDS.—From amounts
11 available under this subsection for any fiscal year,
12 the Secretary shall use—

13 “(A) 75 percent for competitive grants
14 under paragraph (4); and

15 “(B) 25 percent for non-competitive grants
16 under paragraph (5).

17 “(4) COMPETITIVE GRANTS.—An application
18 for a competitive grant under this subsection shall
19 contain such information, and be submitted by an
20 applicant in such form and in accordance with such
21 procedures, as the Secretary shall prescribe.

22 “(5) NON-COMPETITIVE GRANTS.—The Sec-
23 retary shall select grantees for non-competitive
24 grants under this subsection through negotiation
25 with the grantee.

1 “(6) SELECTION CRITERIA.—The Secretary
2 shall establish selection criteria for grants under
3 paragraphs (4) and (5). The criteria shall include
4 factors such as the extent to which the activities pro-
5 posed for assistance—

6 “(A) involve interagency and intergovern-
7 mental coordination of Federal, State, and local
8 public, private, and nonprivate resources in an
9 integrated manner;

10 “(B) represent an innovative approach to
11 furthering the objectives of this section; and

12 “(C) are part of an overall strategic revi-
13 talization plan.

14 “(7) AUTHORITY OF SECRETARY.—The Sec-
15 retary shall prescribe such additional requirements
16 for the making of grants under this subsection as
17 the Secretary deems appropriate.

18 “(c) GRANTS FOR COMMUNITY INSTITUTION BUILD-
19 ING AND NEIGHBORHOOD DEVELOPMENT.—

20 “(1) IN GENERAL.—From amounts set aside
21 under subsection (a)(2)(B)(ii), the Secretary is au-
22 thorized to make grants to eligible neighborhood de-
23 velopment organizations, nonprofit organizations,
24 and entities that assist such organizations in carry-
25 ing out activities under this section, to provide train-

1 ing and other forms of capacity building assistance
2 to improve and expand the ability of community and
3 neighborhood organizations to carry out housing and
4 development programs, and to carry out neighbor-
5 hood development activities, including those specified
6 in paragraphs (3) (B) through (F).

7 “(2) ALLOCATION OF FUNDS.—From amounts
8 available under this subsection for any fiscal year,
9 the Secretary shall use—

10 “(A) 75 percent for competitive grants
11 under paragraph (4); and

12 “(B) 25 percent for non-competitive grants
13 under paragraph (5).

14 “(3) ELIGIBLE ACTIVITIES.—Activities eligible
15 for assistance under this subsection include—

16 “(A) training, technical assistance, and ca-
17 pacity building for new and existing organiza-
18 tions and institutions;

19 “(B) building the capacity of neighborhood
20 organizations and institutions, such as Commu-
21 nity Development Corporations, community
22 banks, and credit unions;

23 “(C) establishing new community-based or-
24 ganizations and institutions;

1 “(D) promoting joint ventures that expand
2 housing, educational, and employment choices
3 for inner city residents;

4 “(E) creating permanent jobs available to
5 persons of low and moderate income and unem-
6 ployed populations;

7 “(F) establishing or expanding business
8 opportunities within low- and moderate-income
9 neighborhoods;

10 “(G) developing, rehabilitating, or manag-
11 ing neighborhood housing stock;

12 “(H) developing delivery mechanisms for
13 essential services that have lasting benefit to
14 the community and neighborhood;

15 “(I) planning, promoting, or financing vol-
16 untary neighborhood improvement efforts; and

17 “(J) such other activities that the Sec-
18 retary determines further the purposes of this
19 subsection.

20 “(4) COMPETITIVE GRANTS.—An application
21 for a competitive grant under this subsection shall
22 contain such information, and be submitted by an
23 applicant in such form and in accordance with such
24 procedures, as the Secretary shall prescribe.

1 “(5) NON-COMPETITIVE GRANTS.—The Sec-
2 retary shall select grantees for non-competitive
3 grants under this subsection through negotiation
4 with the grantee.

5 “(6) SELECTION CRITERIA.—The Secretary
6 shall establish selection criteria for grants under
7 paragraphs (4) and (5). The criteria shall include
8 the extent to which the proposed activities will—

9 “(A) develop new community and neigh-
10 borhood groups in previously unorganized areas
11 for groups that do not yet have the track record
12 necessary to secure project-based funding;

13 “(B) develop new organizations that link
14 housing, economic, and human development;

15 “(C) coordinate with local law enforcement
16 agencies or local public housing agencies involv-
17 ing anti-crime initiatives;

18 “(D) leverage matching contributions to
19 support a wide variety of community develop-
20 ment initiatives from the private sector; founda-
21 tions; colleges and universities; civic groups; so-
22 cial, cultural, religious, and other institutions;
23 and the national service program in a manner
24 that achieves greater long-term private sector
25 support;

1 “(E) build the managerial, financial, and
2 administrative capacity of the applicant organi-
3 zation or the community organizations to which
4 it proposes to provide services; and

5 “(F) assist eligible neighborhood develop-
6 ment organizations.

7 “(7) AUTHORITY OF SECRETARY.—The Sec-
8 retary shall prescribe such additional requirements
9 for the making of grants under this subsection as
10 the Secretary deems appropriate.

11 “(d) RECOGNITION AWARDS.—

12 “(1) IN GENERAL.—From amounts set aside
13 under subsection (a)(2)(B)(iii), the Secretary is au-
14 thorized to provide awards recognizing excellence
15 and innovation in the preparation and implementa-
16 tion of community-wide and regional strategies or
17 activities that successfully further sustainable com-
18 munity development by—

19 “(A) expanding fair housing opportunities;

20 “(B) furthering economic revitalization;

21 “(C) reducing economic isolation of income
22 groups within communities and the region;

23 “(D) expanding housing, educational, and
24 employment choices for persons of low and

1 moderate income throughout a metropolitan
2 area;

3 “(E) providing amenities in lower income
4 neighborhoods that serve as a catalyst for and
5 result in the neighborhood’s revitalization; or

6 “(F) such other means as the Secretary
7 deems appropriate.

8 “(2) USE OF FUNDS.—The Secretary may use
9 amounts under this subsection—

10 “(A) to provide grants to, or to enter into
11 contracts with, public and private organizations
12 (including governmental, nonprofit, and for-
13 profit organizations) to assist in the analysis
14 and selection of award recipients, the provision
15 (directly or by contract) of technical assistance,
16 and the dissemination of information used to
17 carry out the programs authorized under sub-
18 sections (b) and (c);

19 “(B) to defray the costs of the Secretary
20 in administering the program authorized by this
21 subsection, including (but not limited to) such
22 costs as—

23 “(i) printing and disseminating infor-
24 mation;

25 “(ii) holding conferences;

1 “(iii) establishing and using design ju-
2 ries selected by the Secretary;

3 “(iv) providing nominal awards to
4 winning nominees;

5 “(v) holding competitions for awards,
6 including travel and per diem costs; and

7 “(vi) travel of award winners to at-
8 tend follow-on conferences endorsed by the
9 Secretary and to provide peer-to-peer as-
10 sistance to other appropriate individuals
11 and entities; and

12 “(C) to provide technical assistance, di-
13 rectly or by contract, to further the purposes of
14 this subsection.

15 “(3) AUTHORITY OF SECRETARY.—The Sec-
16 retary shall prescribe such requirements for recogni-
17 tion awards under this subsection as the Secretary
18 deems appropriate.

19 “(e) RECORDS, REPORTS, AND AUDITS.—

20 “(1) KEEPING OF RECORDS.—Each grantee
21 under this section shall keep such records as may be
22 reasonably necessary to disclose the amounts and
23 the disposition of grant amounts received under this
24 section and to ensure compliance with the require-
25 ments of this section.

1 “(2) GRANTEE REPORTS.—Each such grantee
2 shall submit to the Secretary a report, or series of
3 reports, in a form and at a time specified by the
4 Secretary. Each report shall—

5 “(A) describe the use of funds made avail-
6 able under this section; and

7 “(B) describe and analyze the effect of as-
8 sisted activities in addressing the purposes of
9 this section.

10 “(3) ACCESS TO DOCUMENTS BY THE SEC-
11 RETARY.—The Secretary shall have access for the
12 purpose of audit and examination to any books, doc-
13 uments, papers, and records of the grantee that are
14 pertinent to assistance received in connection with,
15 and the requirements of, this section.

16 “(4) ACCESS TO DOCUMENT BY THE COMP-
17 TROLLER GENERAL.—The Comptroller General of
18 the United States, or any of the duly authorized rep-
19 resentatives of the Comptroller General, shall have
20 access for the purpose of audit and examination to
21 any books, documents, papers, and records of the
22 grantee that are pertinent to assistance received
23 under, and the requirements of, this section.

24 “(f) DEFINITIONS.—As used in this section:

1 “(1) For purposes of subsection (c), the term
2 ‘eligible neighborhood development organization’
3 means—

4 “(A) an entity organized as a nonprofit or-
5 ganization incorporated under the laws of the
6 State in which it operates;

7 “(B) an organization that is responsible to
8 residents of its neighborhood through a govern-
9 ing body, not less than 51 percent of the mem-
10 bers of which reside within the boundaries of
11 the area served;

12 “(C) an organization that has conducted
13 business for at least one year before the date of
14 an application for a grant; and

15 “(D) an organization that conducts neigh-
16 borhood development activities that have as
17 their primary beneficiaries persons of low and
18 moderate income.

19 “(2) The term ‘nonprofit organization’ means—

20 “(A) an organization—

21 “(i) that is described in section 501(c)
22 of the Internal Revenue Act of 1986; and

23 “(ii) is exempt from taxation under
24 section 501(a) of such Code; or

25 “(B) an organization—

1 “(i) no part of the net earnings of
2 which inures to the benefit of any member,
3 founder, contributor, or individual;

4 “(ii) that in the case of a private non-
5 profit organization, has a voluntary board;

6 “(iii) that has an accounting system,
7 or has designated a fiscal agent in accord-
8 ance with requirements established by the
9 Secretary; and

10 “(iv) that practices nondiscrimination
11 in the provision of assistance.

12 “(3) The term ‘persons of low- and moderate-
13 income’ has the meaning given the term in section
14 102(a)(20) of the Housing and Community Develop-
15 ment Act of 1974.

16 “(4) The term ‘Secretary’ means the Secretary
17 of Housing and Urban Development.

18 “(5) The term ‘State’ has the meaning given
19 the term in section 102(a)(2) of the Housing and
20 Community Development Act of 1974.

21 “(6) The term ‘unit of general local govern-
22 ment’ means—

23 “(A) a city, town, township, county, parish,
24 village, or other general purpose political sub-
25 division of a State;

1 “(B) the District of Columbia; and

2 “(C) any agency or instrumentality thereof
3 that is established pursuant to legislation and
4 designated by the chief executive to act on be-
5 half of the jurisdiction with regard to provisions
6 of this section.

7 The term includes a consortium of geographically
8 contiguous units of general local government, if the
9 Secretary determines that the consortium—

10 “(i) has sufficient authority and adminis-
11 trative capability to carry out the purposes of
12 this section on behalf of its member jurisdic-
13 tions; and

14 “(ii) meets such other requirements as the
15 Secretary may prescribe.”.

16 SAVINGS PROVISION

17 SEC. 712. (a) PREVIOUS GRANTS.—Any grant ap-
18 proved under section 123 before the effective date of this
19 section shall continue to be governed by the provisions of
20 section 123.

21 (b) EFFECTIVE DATE.—This section shall become ef-
22 fective on the later of October 1, 1994 or the date of en-
23 actment of this Act.

24 Subtitle C—Colonias Assistance Program Authorization

25 SEC. 721. (a) PROGRAM AUTHORIZATION.—The Sec-
26 retary is authorized to make grants in accordance with

1 the provisions of this subtitle to units of general local gov-
2 ernment, States, non-profit organizations, or entities or
3 instrumentalities established under the authority of any
4 of these entities, for use in addressing the community de-
5 velopment and housing needs of colonias.

6 (b) FUNDING AUTHORIZATION.—

7 (1) IN GENERAL.—There are authorized to be
8 appropriated for purposes of this subtitle
9 \$100,000,000 for each of fiscal years 1995 and
10 1996. Any amount appropriated shall remain avail-
11 able until expended.

12 (2) ALLOCATION OF FUNDS.—Of the amounts
13 appropriated under paragraph (1) for any fiscal
14 year—

15 (A) 80 percent shall be available for grants to
16 establish model programs under section 723; and

17 (B) 20 percent shall be available for competitive
18 grants under section 724.

19 ELIGIBLE ACTIVITIES

20 SEC. 722. Assistance under this subtitle may be used
21 to carry out the following activities:

22 (1) Any activity eligible under section 105 of
23 the Housing and Community Development Act of
24 1974 or section 212(a) of the HOME Investment
25 Partnerships Act.

(3) The construction of new housing, including self-help, energy-efficient, and innovative housing design initiatives.

(4) The development of new subdivisions for affordable housing.

9 (5) The re-platting and redevelopment of exist-
10 ing subdivisions.

(6) The planning for, and construction of, infrastructure necessary for the development of housing, economic development, and community facilities and amenities.

15 (7) Such other activities as the Secretary deems
16 appropriate to further the purposes of this subtitle.

SEC. 723. (a) IN GENERAL.—Of amounts allocated under section 721(b)(2)(A), the Secretary shall make grants to the entities referred to in section 721(a) for the purpose of establishing model programs of assistance for addressing the community development, housing, and other needs of the residents of the colonias.

25 (1) GEOGRAPHIC DISTRIBUTION.—The Sec-
26 retary shall designate—

1 (A) at least one project in each State; and

2 (B) at least one project within a metropoli-
3 tan area in any State.

4 (2) SELECTION PROCESS.—

5 (A) IN GENERAL.—The Secretary shall se-
6 lect grantees under this section on a non-com-
7 petitive basis, through negotiation with the
8 grantee.

9 (B) SELECTION CRITERIA.—In selecting
10 projects, the Secretary shall consider—

11 (i) the extent of need in the colonia;

12 (ii) the likely effectiveness of the pro-
13 posed approach in addressing identified
14 needs;

15 (iii) the extent to which funding for
16 the project is committed from sources
17 other than under this subtitle;

18 (iv) the need to consider a variety of
19 solutions to a variety of needs situations;
20 and

21 (v) such other factors as the Secretary
22 deems appropriate to carry out the objec-
23 tives of this subtitle.

24 COMPETITIVE GRANTS

25 SEC. 724. (a) FUNDING SET-ASIDE.—

1 (1) IN GENERAL.—Of amounts allocated under
2 section 721(b)(2)(B), the Secretary shall set aside a
3 target amount for grants under this section for use
4 in colonias in each State. The Secretary shall deter-
5 mine the amount be set aside, based on such objec-
6 tive factors of need as the Secretary deems appro-
7 priate, which may include rates of poverty in, and
8 the population of, colonias. The Secretary shall re-
9 allocate any amounts set-aside under this paragraph
10 for which the Secretary determines there will not be
11 sufficient approvable applications in a fiscal year.

12 (2) USE OF FUNDS.—Any amount not set aside
13 or reallocated under paragraph (1) may be used in
14 colonias in any State.

15 (b) AUTHORITY TO MAKE GRANTS.—Grants under
16 this section shall be made, in accordance with subsection
17 (a), to the entities referred to in section 721(a), for the
18 purpose of assisting the community development and
19 housing needs of the residents of one or more colonias in
20 an area or region.

21 (c) APPLICATIONS.—Applications under this section
22 shall contain such information, and shall be submitted at
23 such time and in accordance with such procedures, as the
24 Secretary shall prescribe.

25 (d) SELECTION OF GRANTEES.—

1 (1) IN GENERAL.—The Secretary shall select
2 grantees under this section on the basis of a com-
3 petition, following publication of a notice of funding
4 availability in the Federal Register.

5 (2) SELECTION CRITERIA.—In selecting
6 projects, the Secretary shall consider—

7 (A) the extent of need in the colonia;

8 (B) the likely effectiveness of the proposed
9 approach in addressing identified needs;

10 (C) the extent to which funding for the
11 project is committed from sources other than
12 under this subtitle;

13 (D) the extent to which the application
14 represents an innovative approach to addressing
15 the needs of colonias; and

16 (E) such other factors as the Secretary
17 deems appropriate to carry out the objectives of
18 this subtitle.

19 RECORDS, REPORTS, AND AUDITS

20 SEC. 725. (a) KEEPING OF RECORDS.—Each grantee
21 shall keep such records as may be reasonably necessary
22 to disclose the amounts and the disposition of grant
23 amounts received under this subtitle and to ensure compli-
24 ance with the requirements of this subtitle.

25 (b) GRANTEE REPORTS.—Each grantee shall submit
26 to the Secretary a report, or series of reports, in a form

1 and at a time specified by the Secretary. Each report
2 shall—

3 (1) describe the use of funds made available
4 under this subtitle; and

5 (2) describe and analyze the effect of assisted
6 activities in addressing the community development
7 and housing needs of the residents of colonias.

8 (c) ACCESS TO DOCUMENTS BY THE SECRETARY.—

9 The Secretary shall have access for the purpose of audit
10 and examination to any books, documents, papers, and
11 records of the grantee that are pertinent to assistance re-
12 ceived in connection with, and the requirements of, this
13 subtitle.

14 (d) ACCESS TO DOCUMENTS BY THE COMPTROLLER

15 GENERAL.—The Comptroller General of the United
16 States, or any of the duly authorized representatives of
17 the Comptroller General, shall have access for the purpose
18 of audit and examination to any books, documents, papers,
19 and records of the grantee that are pertinent to assistance
20 received under, and the requirements of, this subtitle.

21 DEFINITIONS

22 SEC. 726. As used in this subtitle:

23 (1) The terms “colonia” and “United States-
24 Mexico Border Region” have the meanings given
25 those terms in sections 916(e)(1) and (4), respec-

1 tively, of the Cranston-Gonzalez National Affordable
2 Housing Act.

3 (2) The term “metropolitan area” has the
4 meaning given the term in section 102(a)(3) of the
5 Housing and Community Development Act of 1974.

6 (3) The term “nonprofit organization” means—

7 (A) an organization—

8 (i) that is described in section 501(c)
9 of the Internal Revenue Act of 1986; and

10 (ii) is exempt from taxation under
11 section 501(a) of such Code; or

12 (B) an organization—

13 (i) no part of the net earnings of
14 which inures to the benefit of any member,
15 founder, contributor, or individual;

16 (ii) that in the case of a private non-
17 profit organization, has a voluntary board;

18 (iii) that has an accounting system, or
19 has designated a fiscal agent in accordance
20 with requirements established by the Sec-
21 retary; and

22 (iv) that practices nondiscrimination
23 in the provision of assistance.

24 (4) The term “Secretary” means the Secretary
25 of Housing and Urban Development.

1 (5) The term “State” means the States of Cali-
2 fornia, Arizona, New Mexico, and Texas.

3 (6) The term “unit of general local govern-
4 ment” means—

5 (A) a city, town, township, county, parish,
6 village, or other general purpose political sub-
7 division of a State;

8 (B) the District of Columbia; and

9 (C) any agency or instrumentality thereof
10 that is established pursuant to legislation and
11 designated by the chief executive to act on be-
12 half of the jurisdiction with regard to provisions
13 of this subtitle.

14 The term includes a consortium of geographically
15 contiguous units of general local government, if the
16 Secretary determines that the consortium—

17 (i) has sufficient authority and administra-
18 tive capability to carry out the purposes of this
19 subtitle on behalf of its member jurisdictions;
20 and

21 (ii) meets such other requirements as the
22 Secretary may prescribe.

1 EXTENSION OF COLONIAL PROGRAM UNDER SECTION 916
2 OF THE CRANSTON-GONZALEZ NATIONAL AFFORD-
3 ABLE HOUSING ACT

4 SEC. 727. Section 916(f) of the Cranston-Gonzalez
5 National Affordable Housing Act is amended by striking
6 “1991” and all that follows up to the period and inserting
7 in lieu thereof the following: “beginning before fiscal year
8 1998”.

9 Subtitle D—Zone Economic Development Initiative
10 Authorization

11 SEC. 731. The Secretary of Housing and Urban De-
12 velopment may make grants to units of general local gov-
13 ernment in which Empowerment Zones and Enterprise
14 Communities have been designated pursuant to section
15 1391 of the Internal Revenue Code of 1986.

16 PURPOSE

17 SEC. 732. The purpose of grants under this subtitle
18 is to assist units of general local government in imple-
19 menting the strategic plan for community revitalization re-
20 quired for each designated Zone and Community by ex-
21 panding business opportunities and job creation and by
22 stimulating the use of project-based rental assistance cer-
23 tificates and other activities to construct or rehabilitate
24 rental housing.

1 ELIGIBLE ACTIVITIES

2 SEC. 733. (a) ECONOMIC DEVELOPMENT.—Economic
3 development activities are those that are eligible under
4 title I of the Housing and Community Development Act
5 of 1974.

6 (b) ASSISTED HOUSING.—Eligible assisted housing
7 activities include but are not limited to—

8 (1) project-based assistance activities eligible
9 under section 8 of the United States Housing Act of
10 1937 or similar State and local programs; and

11 (2) activities eligible for assistance under the
12 HOME program or a similar local affordable hous-
13 ing program.

14 (c) TECHNICAL ASSISTANCE.—From amounts set
15 aside under section 737(b), the Secretary shall carry out,
16 directly or through contracts, training and information ac-
17 tivities in connection with the program authorized by this
18 subtitle.

19 ALLOCATION OF FUNDS

20 SEC. 734. (a) APPLICATION.—A locality in which an
21 empowerment zone or enterprise community has been des-
22 ignated, where the designation remains in effect, may sub-
23 mit an application to the Secretary for a grant under this
24 subtitle. The application shall contain such information
25 and certifications as the Secretary may require, including
26 a certification that the grant will be used in accordance

1 with the approved strategic plan. Where a zone or commu-
2 nity is within the jurisdiction of more than one unit of
3 general local government, each shall join in the applica-
4 tion. The application shall specify whether, and if so how,
5 the grant is to be divided among one or more governments.

6 (b) FUNDING.—For applications approved by the
7 Secretary—

8 (1) each urban Empowerment Zone shall re-
9 ceive \$50,000,000;

10 (2) each rural Empowerment Zone shall receive
11 \$20,000,000; and

12 (3) each Enterprise Community shall receive
13 \$1,400,000.

14 (c) TERMS AND CONDITIONS.—Grants made under
15 this subtitle shall be subject to such terms and conditions
16 as the Secretary may establish.

17 USE IN CONJUNCTION WITH LOAN GUARANTEES

18 SEC. 735. Grants made under this subtitle may be
19 used in conjunction with loans guaranteed under section
20 108 of the Housing and Community Development Act of
21 1974 and section 227 of the Home Investment Partner-
22 ships Act.

23 RECORDS, REPORTS, AND AUDITS

24 SEC. 736. (a) KEEPING OF RECORDS.—Each grantee
25 shall keep such records as may be reasonably necessary
26 to disclose the amounts and the disposition of grant

1 amounts received under this subtitle and to ensure compli-
2 ance with the requirements of this subtitle.

3 (b) GRANTEE REPORTS.—Each grantee shall submit
4 to the Secretary a report, or series of reports, in a form
5 and at a time specified by the Secretary. Each report
6 shall—

7 (1) describe the use of funds made available
8 under this subtitle; and

9 (2) describe and analyze the effect of assisted
10 activities in addressing the objectives of this subtitle.

11 (c) ACCESS TO DOCUMENTS BY THE SECRETARY.—
12 The Secretary shall have access for the purpose of audit
13 and examination to any books, documents, papers, and
14 records of the grantee that are pertinent to assistance re-
15 ceived in connection with, and the requirements of, this
16 subtitle.

17 (d) ACCESS TO DOCUMENT BY THE COMPTROLLER
18 GENERAL.—The Comptroller General of the United
19 States, or any of the duly authorized representatives of
20 the Comptroller General, shall have access for the purpose
21 of audit and examination to any books, documents, papers,
22 and records of the grantee that are pertinent to assistance
23 received under, and the requirements of, this subtitle.

24 FUNDING AUTHORIZATION

25 SEC. 737. (a) There are authorized to be appro-
26 priated for purposes of this subtitle \$500,000,000 for fis-

1 cal year 1995 and such sums as may be necessary for fis-
2 cal year 1996. Any amount appropriated shall remain
3 available until expended.

4 (b) Of the amounts appropriated under subsection (a)
5 for any fiscal year and not allocated under section 734(b),
6 the Secretary shall set aside any balance to carry out the
7 training and information activities referred to in section
8 733(c).

9 Subtitle E—Authorizations of Appropriations Capacity
10 Building for Community Development and Afford-
11 able Housing

12 SEC. 741. Section 4(e) of the HUD Demonstration
13 Act of 1993 (43 U.S.C. 9816 note) is amended to read
14 as follows:

15 “(e) AUTHORIZATION.—There are authorized to be
16 appropriated \$20,000,000 for fiscal year 1995 and such
17 sums as may be necessary for fiscal year 1996, to carry
18 out this section.”.

19 COMMUNITY DEVELOPMENT BLOCK GRANTS

20 SEC. 742. (a) COMMUNITY DEVELOPMENT BLOCK
21 GRANTS.—The second sentence of section 103 of the
22 Housing and Community Development Act of 1974 (42
23 U.S.C. 5303) is amended to read as follows: “For pur-
24 poses of assistance under section 106, there are authorized
25 to be appropriated \$4,400,000,000 for fiscal year 1995
26 and \$4,400,000,000 for fiscal year 1996.”.

1 (b) LIMITATION ON LOAN GUARANTEES.—The fifth
2 sentence of section 108(a) of the Housing and Community
3 Development Act of 1974 (42 U.S.C. 5308(a)) is amended
4 to read as follows: “Notwithstanding any other provision
5 of law and subject only to the absence of qualified appli-
6 cants or proposed activities and to the authority provided
7 in this section, to the extent approved in appropriation
8 Acts, the Secretary shall enter into commitments to guar-
9 antee notes and obligations under this section with an ag-
10 gregate principal amount of \$2,054,000,000 for fiscal year
11 1995 and \$2,054,000,000 for fiscal year 1996.”.

12 (c) SPECIAL PURPOSE GRANTS.—Section 107 of the
13 Housing and Community Development Act of 1974 (42
14 U.S.C. 5307(a)) is amended by striking out all that fol-
15 lows “the following purposes:” and inserting in lieu there-
16 of the following:

17 “(A) \$7,000,000 shall be available in each such
18 year for grants under subsection (b)(1);

19 “(B) \$6,500,000 shall be available in each such
20 year for grants under subsection (b)(3);

21 “(C) \$28,000,000 shall be available in each
22 such year for activities under subsection (b)(4);

23 “(D) \$6,000,000 shall be available in each such
24 year under subsection (b)(5);

9 SEC. 743. Section 108(q)(1) of the Housing and
10 Community Development Act of 1974 (42 U.S.C. 5308)
11 is amended by adding to the end thereof the following sen-
12 tence: “There are authorized to be appropriated to carry
13 out this subsection \$50,000,000 for fiscal year 1995 and
14 such sums as may be necessary for fiscal year 1996, to
15 remain available until expended.”.

Subtitle A—Improve the Allocation and Use of Assistance

SEC. 801. (a) Section 8(c)(2)(A) of the United States Housing Act of 1937 is amended by inserting at the end the following: “However, where the maximum monthly rent, for a unit in a new construction, substantial rehabilitation, or moderate rehabilitation project, to be adjusted using an annual adjustment factor exceeds the fair market

1 rental for an existing dwelling unit in the market area,
 2 the Secretary shall adjust the rent only to the extent that
 3 the owner demonstrates that the adjusted rent would not
 4 exceed the rent for an unassisted unit of similar quality,
 5 type, and age in the same market area, as determined by
 6 the Secretary.”.

7 (b) The amendment made by subsection (a) shall
 8 apply to all contracts for new construction, substantial re-
 9 habilitation, and moderate rehabilitation projects under
 10 which rents are adjusted under section 8(c)(2)(A) of such
 11 Act by applying an annual adjustment factor.

12 PROVIDE INCENTIVES TO REFINANCE HIGH INTEREST
 13 MORTGAGES FOR SECTION 8 PROJECTS

14 SEC. 802. Section 8 of the United States Housing
 15 Act of 1937 is amended by inserting the following new
 16 subsection at the end:

17 “(z) REFINANCING INCENTIVE.—For a project that
 18 (1) was constructed, substantially rehabilitated, or mod-
 19 erately rehabilitated under this section, (2) is subject to
 20 an assistance contract under this section, and (3) was sub-
 21 ject to a mortgage that has been refinanced under section
 22 223(a)(7) or section 223(f) of the National Housing Act
 23 to lower the periodic debt service payments of the owner,
 24 the Secretary may pay the owner the amount of the
 25 upfront costs to the owner of refinancing. The Secretary
 26 may make such payments only from savings in the amount

1 of assistance payments, as determined by the Secretary
2 on a project-by-project basis and after application of
3 amounts in accordance with section 1012 of the Stewart
4 B. McKinney Homeless Assistance Amendments Act of
5 1988, that result from the refinancing during the first
6 year after the refinancing.”.

7 LMSA REFORMS

8 SEC. 803. (a) Section 8(v)(1) of the United States
9 Housing Act of 1937 is amended to read as follows:

10 “(v)(1) In the case of a contract entered into under
11 this section for loan management assistance, the Secretary
12 may reduce the number of units covered by the contract
13 by one for each family that moves out of the project. This
14 paragraph shall not apply in the case of a contract for
15 loan management assistance entered into as an incentive
16 under the Emergency Low Income Housing Preservation
17 Act of 1987 or the Low-Income Housing Preservation and
18 Resident Homeownership Act of 1990.”.

19 (b) The amendment made by subsection (a) shall
20 apply to all contracts for loan management assistance en-
21 tered into under section 8 of such Act.

22 REDUCE AAF FOR UNITS WHERE FAMILY HAS NOT

23 MOVED SINCE PREVIOUS YEAR

24 SEC. 804. (a) Section 8(c)(2)(A) of the United States
25 Housing Act of 1937, as amended by section 801 of this
26 Act, is further amended by inserting at the end the follow-

1 ing: “For any unit occupied by the same family at the
2 time of the last annual rent adjustment, where the assist-
3 ance contract provides for the adjustment of the maximum
4 monthly rent by applying an annual adjustment factor and
5 where the rent for a unit is otherwise eligible for an ad-
6 justment based on the full amount of the factor, 0.01 shall
7 be subtracted from the amount of the factor, except that
8 the factor shall not be reduced to less than 1.0.”.

9 (b) The amendment made by subsection (a) shall
10 apply to all contracts that are subject to section 8(c)(2)(A)
11 of such Act and that provide for rent adjustments using
12 an annual adjustment factor.

13 PREFERENCE FOR WORKING FAMILIES

14 SEC. 805. The United States Housing Act of 1937
15 is amended—

16 (1) in each of sections 6(c)(4)(A)(ii) and
17 8(d)(1)(A)(ii), by striking “and (V)” and inserting
18 in lieu thereof the following: “(V) assisting families
19 that include one or more adult members who are
20 employed; and (VI)”;

21 (2) in the penultimate sentence of section 16(c),
22 by striking “under the system” and all that follows
23 up to the period.

1 USE OF TECHNICAL ASSISTANCE FUNDS BY OR FOR HUD
2 STAFF

3 SEC. 806. Section 7 of the Department of Housing
4 and Urban Development Act is amended by adding at the
5 end thereof a new subsection, as follows:

6 “(r) The Secretary may transfer to any of the ac-
7 counts of the Department for salaries and expenses from
8 any other account from which funds may be drawn for
9 technical assistance such amounts as the Secretary deter-
10 mines are reasonable to reimburse such salaries and ex-
11 penses account. Such reimbursement shall be for expendi-
12 tures for the costs of personal services, travel, and trans-
13 portation, and other object classifications that are in-
14 curred for the technical assistance, training, and related
15 activities provided by or to officials and employees of the
16 Department for a program that is funded from such other
17 account and in which the costs of technical assistance are
18 otherwise eligible for expenditure. Up to 10 percent of the
19 amount that may transferred may be used for technical
20 assistance, training, travel, and related expenses provided
21 to officials and employees of the Department. The author-
22 ity to transfer provided in this subsection shall be in addi-
23 tion to any other authority to transfer funds among ac-
24 counts that the Secretary may now or hereafter have.”.

1 Subtitle B—Office Of Public and Indian Housing Over-
2 sight, Technical Assistance, Emergency Action Re-
3 sources, and Resident Survey for Public Housing
4 Programs

5 SEC. 811. (a) Section (3) of the United States Hous-
6 ing Act of 1937 is amended by adding to the end thereof
7 the following new subsection:

8 “(d) As used in sections 5 and 14, the term ‘technical
9 assistance and services’ shall include (but not be limited
10 to) any or all undertakings by the Secretary, directly using
11 officials and employees of the Secretary, or indirectly
12 under contract or otherwise, related to the inspection or
13 oversight of project or program development or implemen-
14 tation; training and technical assistance; public housing
15 agency or Indian housing authority program, project, or
16 general management; crisis management and operations;
17 and survey research; and the preparation of reports or rec-
18 ommendations to the Secretary.”.

19 (b) Section 5(c) of such Act is amended by adding
20 at the end thereof the following new paragraph:

21 “(9) From amounts appropriated pursuant to
22 this Act and earmarked for public housing develop-
23 ment (including Indian housing development) up to
24 one-half of 1 per centum shall be made available to
25 the Secretary for technical assistance and services.”.

1 (c) Section 14(k)(1) of such Act is redesignated as
2 section 14(k)(1)(A), and amended by adding the following
3 new paragraph, after such redesignated subparagraph, as
4 follows:

5 “(B) From amounts approved in appro-
6 priation Acts for grants under this section in
7 any fiscal year, up to 1 per centum shall be
8 made available to the Secretary for technical as-
9 sistance and services.”.

10 RECAPTURE OF DEVELOPMENT AMOUNTS

11 SEC. 812. Section 5(k) of the United States Housing
12 Act of 1937 is amended by adding before the period at
13 the end of the first sentence a comma and the following:
14 “unless the Secretary finds that there is no feasible way
15 for the agency to begin construction or rehabilitation, or
16 to complete acquisition, within such period”.

17 Subtitle C—Office of Housing Section 235 Refinancing

18 SEC. 821. Section 235(r) of the National Housing
19 Act is amended—

20 (1) in paragraph (2)(C), by inserting after “re-
21 financed” the following: “, plus the costs incurred in
22 connection with the refinancing as described in para-
23 graph (4)(B) to the extent that the amount for those
24 costs is not otherwise included in the interest rate
25 as permitted by subparagraph (E) or paid by the
26 Secretary as authorized by paragraph (4)(B)”;

1 (2) in paragraph (4)—

2 (A) by inserting after “otherwise)” the fol-
3 lowing: “and the mortgagee with respect to the
4 amount described in paragraph (A)”;

5 (B) in subparagraph (A), by inserting after
6 “mortgagor” the following: “and the mortga-
7 gee”;

8 (3) by revising paragraph (5) to read as follows:

9 “(5) The Secretary shall use amounts of budget
10 authority recaptured from assistance payments con-
11 tracts relating to mortgages that are being refi-
12 nanced for assistance payments contracts with re-
13 spect to mortgages insured under this subsection.
14 The Secretary may also make such recaptured
15 amounts available for incentives under paragraph
16 (4)(A) and the costs incurred in connection with the
17 refinancing under paragraph (4)(B). For purposes
18 of subsection (c)(3)(A), the amount of recaptured
19 budget authority that the Secretary commits for as-
20 sistance payments contracts relating to mortgages
21 insured under this subsection and for amounts paid
22 under paragraph (4) shall not be construed as ‘un-
23 used.’”.

1 ELIMINATION OF NEW ACTIVITY IN LOW-USE FHA
2 MULTIFAMILY DEVELOPMENT PROGRAMS

3 SEC. 822. (a) Section 207 of the National Housing
4 Act is amended by adding the following new subsection
5 at the end thereof:

6 “(s) Beginning 30 days after the effective date of the
7 Housing Choice and Community Investment Act of 1994,
8 the Secretary may not accept new applications for mort-
9 gage insurance under this section with respect to mort-
10 gages involving (1) the new construction or substantial re-
11 habilitation of properties or projects or (2) manufactured
12 home parks.”.

13 (b) Section 220 of such Act is amended by adding
14 the following new subsection at the end thereof:

15 “(i) Beginning 30 days after the effective date of the
16 Housing Choice and Community Investment Act of 1994,
17 the Secretary may not accept new applications for mort-
18 gage insurance under this section with respect to mort-
19 gages involving the new construction or substantial reha-
20 bilitation of multifamily projects.”.

21 (c) Section 231(b) of such Act is amended by adding
22 the following new sentence at the end thereof: “Beginning
23 30 days after the effective date of the Housing Choice and
24 Community Investment Act of 1994, the Secretary may

1 not accept new applications for mortgage insurance under
2 this section.”.

3 (d) Section 234(d) of such Act is amended by adding
4 the following new flush material at the end thereof: “Be-
5 ginning 30 days after the effective date of the Housing
6 Choice and Community Investment Act of 1994, the Sec-
7 retary may not accept new applications for mortgage in-
8 surance under this subsection.”.

9 (e) Section 1101 of such Act is amended by adding
10 the following new sentence at the end thereof: “Beginning
11 30 days after the effective date of the Housing Choice and
12 Community Investment Act of 1994, the Secretary may
13 not accept new applications for mortgage insurance under
14 this title.”.

15 INDEMNIFICATION FOR PROJECT MANAGERS

16 SEC. 823. Section 207(l) of the National Housing Act
17 is amended by inserting the following before the period:
18 “: *Provided further*, That, for properties acquired by the
19 Secretary under this section and for properties secured by
20 any mortgage assigned and transferred to or held by the
21 Secretary, the Secretary may indemnify management con-
22 tractors against claims by third persons for death, bodily
23 injury, or loss of or damage to property on such terms
24 as the Secretary determines appropriate”.

4 SEC. 831. MANAGEMENT INFORMATION SYSTEMS.—

(1) by inserting the subsection designation
“(a)” immediately after “103”; and

“(b) Of the amount approved in an appropriation Act for each of fiscal years 1995 and 1996 under this section, up to 0.5 percent may be set aside by the Secretary for improving management information systems used by the Secretary and recipients under this title.”.

SEC. 832. Section 106(c) of the Housing and Community Development Act of 1974 is amended by striking paragraph (4).

SEC. 833. Section 119(o) of the Housing and Community Development Act of 1974 is amended by striking “October 1, 1993” and inserting in lieu thereof “April 11, 1994”.

1 Subtitle E—Nonjudicial Foreclosure of Defaulted Single
2 Family Mortgages

3 SEC. 841. SHORT TITLE.—This subtitle may be cited
4 as the “Single Family Mortgage Foreclosure Act of
5 1994”.

6 FINDINGS AND PURPOSE.

7 SEC. 842. (a) FINDINGS.—The Congress finds that—

8 (1) disparate State laws under which mortgages
9 are foreclosed on behalf of the Secretary of Housing
10 and Urban Development covering one- to four-family
11 residential properties burden certain programs ad-
12 ministered by the Secretary, increase the costs of
13 collecting these obligations, and cause detriment to
14 the community generally;

15 (2) long periods to complete the foreclosure of
16 these mortgages under certain State laws lead to de-
17 terioration in the condition of the properties in-
18 volved; necessitate substantial Federal holding ex-
19 penditures; increase the risk of vandalism, fire loss,
20 depreciation, damage, and waste with respect to the
21 properties; and adversely affect the neighborhoods in
22 which the properties are located;

23 (3) these conditions seriously impair the Sec-
24 retary’s ability to protect the Federal financial inter-
25 est in the affected properties and frustrate attain-

8 (5) providing the Secretary with a nonjudicial
9 foreclosure procedure will reduce unnecessary litigation
10 by removing many foreclosures from the courts
11 where they contribute to overcrowded calendars.

19 DEFINITIONS

(1) “bona fide purchaser” means a purchaser for value in good faith and without notice of any adverse claim, who will, therefore, acquire the security property free of any adverse claim;

25 (2) “mortgage” means a deed of trust, mort-
26 gage, deed to secure debt, security agreement, or

1 any other form of instrument under which any inter-
2 est in property, real, personal or mixed, or any inter-
3 est in property including leaseholds, life estates, re-
4 versionary interests, and any other estates under ap-
5 plicable State law, is conveyed in trust, mortgaged,
6 encumbered, pledged, or otherwise rendered subject
7 to a lien for the purpose of securing the payment of
8 money or the performance of an obligation;

9 (3) “single family mortgage” means a mortgage
10 that covers property on which there is located a one-
11 to four-family residence, which mortgage—

12 (A) is held by the Secretary pursuant to
13 title I or title II of the National Housing Act,
14 or

15 (B) secures a loan obligated by the Sec-
16 retary under section 312 of the Housing Act of
17 1964, as it existed before its repeal by section
18 289 of the Cranston-Gonzalez National Afford-
19 able Housing Act (except that a mortgage se-
20 curing such a loan that covers property contain-
21 ing non-residential space and a one- to four-
22 family dwelling shall not be subject to this Act);

23 (4) “mortgage agreement” means the note or
24 debt instrument and the mortgage instrument, deed
25 of trust instrument, trust deed, or instrument or in-

1 struments creating the mortgage, including any in-
2 strument incorporated by reference therein and any
3 instrument or agreement amending or modifying any
4 of the foregoing;

5 (5) “mortgagor” means the obligor, grantor, or
6 trustor named in the mortgage agreement and, un-
7 less the context otherwise indicates, includes the cur-
8 rent owner of record of the security property wheth-
9 er or not personally liable on the mortgage debt;

10 (6) “owner” means any person who has an
11 ownership interest in property and includes heirs,
12 devisees, executors, administrators, and other per-
13 sonal representatives, and trustees of testamentary
14 trusts if the owner of record is deceased;

15 (7) “person” includes any individual, group of
16 individuals, association, partnership, corporation, or
17 organization;

18 (8) “record” and “recorded” include “register”
19 and “registered” in the instance of registered land;

20 (9) “security property” means the property
21 (real, personal or mixed) or an interest in property
22 (including leaseholds, life estates, reversionary inter-
23 ests, and any other estates under applicable State
24 law), together with fixtures and other interests sub-

1 ject to the lien of the mortgage under applicable
2 State law;

3 (10) “State” means the several States, the Dis-
4 trict of Columbia, the Commonwealth of Puerto
5 Rico, the United States Virgin Islands, Guam,
6 American Samoa, the Northern Mariana Islands, the
7 Trust Territory of the Pacific Islands, and Indian
8 tribes as defined by the Secretary;

9 (11) “county” means county as defined in title
10 2 of title I, United States Code; and

11 (12) “Secretary” means the Secretary of Hous-
12 ing and Urban Development.

13 APPLICABILITY

14 SEC. 844. Single family mortgages encumbering real
15 estate located in any State may be foreclosed by the Sec-
16 retary in accordance with this subtitle, or pursuant to
17 other foreclosure procedures available, at the option of the
18 Secretary.

19 DESIGNATION OF FORECLOSURE COMMISSIONER

20 SEC. 845. A foreclosure commissioner or commis-
21 sioners designated pursuant to this subtitle shall have a
22 nonjudicial power of sale as provided in this subtitle.
23 Where the Secretary wishes to foreclose upon a single fam-
24 ily mortgage, the Secretary may designate a foreclosure
25 commissioner and, with or without cause, may designate
26 a substitute foreclosure commissioner to replace a pre-

1 viously designated foreclosure commissioner, by executing
2 a duly acknowledged, written designation stating the name
3 and business or residential address of the commissioner
4 or substitute commissioner. The designation shall be effective
5 upon execution. The foreclosure commissioner, if a
6 natural person, shall be a resident of the State in which
7 the security property is located and, if not a natural person,
8 the foreclosure commissioner must be duly authorized
9 to transact business under the laws of the State in which
10 the security property is located. The foreclosure commissioner
11 shall be a person who is responsible, financially
12 sound, and competent to conduct the foreclosure. More
13 than one foreclosure commissioner may be designated. If
14 a natural person is designated as foreclosure commissioner
15 or substitute foreclosure commissioner, such person shall
16 be designated by name, except that where such person is
17 designated in his or her capacity as an official or employee
18 of a government or corporate entity, such person may be
19 designated by his or her unique title or position instead
20 of by name.

21 PREREQUISITES TO FORECLOSURE

22 SEC. 846. Foreclosure by the Secretary under this
23 subtitle of a single family mortgage may be commenced,
24 as provided in section 848, upon the breach of a covenant
25 or condition in the mortgage agreement for which foreclosure
26 is authorized under the mortgage, except that no

1 such foreclosure may be commenced unless any previously
2 pending proceeding, judicial or nonjudicial, separately in-
3 stituted by the Secretary to foreclose the mortgage other
4 than under this subtitle has been withdrawn, dismissed,
5 or otherwise terminated. No such separately instituted
6 foreclosure proceeding on the mortgage shall be instituted
7 by the Secretary during the pendency of foreclosure pursu-
8 ant to this subtitle. Nothing in this subtitle shall preclude
9 the Secretary from enforcing any right, other than fore-
10 closure, under applicable Federal or State law, including
11 any right to obtain a monetary judgment. Nothing in this
12 subtitle shall preclude the Secretary from foreclosing
13 under this subtitle where the Secretary has obtained or
14 is seeking any other remedy available pursuant to Federal
15 or State law or under the mortgage agreement, including,
16 but not limited to, the appointment of a receiver, mortga-
17 gee-in-possession status, or relief under an assignment of
18 rents.

19 NOTICE OF FORECLOSURE SALE

20 SEC. 847. The notice of foreclosure sale to be served
21 in accordance with this subtitle shall be subscribed with
22 the name and address of the foreclosure commissioner and
23 the date on which subscribed, and shall set forth the fol-
24 lowing information:

1 (1) The names of the Secretary, the original
2 mortgagee (if other than the Secretary), and the
3 original mortgagor.

4 (2) The street address or a description of the
5 location of the security property, and a description
6 of the security property, sufficient to identify the
7 property to be sold.

8 (3) The date of the mortgage, the office in
9 which the mortgage is recorded, and the liber and
10 folio or other description of the location of recorda-
11 tion of the mortgage.

12 (4) The failure to make payment, including the
13 due date of the earliest installment payment remain-
14 ing wholly unpaid as of the date the notice is sub-
15 scribed, or the description of other default or de-
16 faults upon which foreclosure is based, and the ac-
17 celeration of the secured indebtedness.

18 (5) The date, time, and place of the foreclosure
19 sale.

20 (6) A statement that the foreclosure is being
21 conducted pursuant to this subtitle.

22 (7) The types of costs, if any, to be paid by the
23 purchaser upon transfer of title.

24 (8) The amount and method of deposit to be re-
25 quired at the foreclosure sale (except that no deposit

1 shall be required of the Secretary), the time and
2 method of payment of the balance of the foreclosure
3 purchase price, and other appropriate terms of sale.

4 COMMENCEMENT OF FORECLOSURE

5 SEC. 848. (a) If the Secretary as holder of a single
6 family mortgage determines that the prerequisites to fore-
7 closure set forth in section 846 are satisfied, the Secretary
8 may request the foreclosure commissioner to commence
9 foreclosure of a single family mortgage. Upon such re-
10 quest, the foreclosure commissioner shall commence fore-
11 closure of the mortgage, by commencing service of a notice
12 of default and foreclosure sale in accordance with section
13 849.

14 (b) After commencement of a foreclosure under this
15 subtitle, the Secretary may designate a substitute fore-
16 closure commissioner at any time before the time of fore-
17 closure sale, and the foreclosure shall continue without
18 prejudice, unless the substitute commissioner, in his or her
19 sole discretion, finds that continuation of the foreclosure
20 sale will unfairly affect the interests of the mortgagor. If
21 the substitute commissioner makes such a finding, the
22 substitute commissioner shall cancel the foreclosure sale,
23 or adjourn such sale in the manner provided in section
24 851(c). Upon designation of a substitute foreclosure com-
25 missioner, a copy of the written notice of such designation
26 referred to in section 845 shall be served (1) by mail, as

1 provided in such section 849 (except that the minimum
2 time periods between mailing and the date of foreclosure
3 sale prescribed in such section shall not apply), or (2) in
4 any other manner which, in the substitute commissioner's
5 sole discretion, is conducive to achieving timely notice of
6 such substitution.

7 SERVICE OF NOTICE OF FORECLOSURE

8 SEC. 849. The foreclosure commissioner shall serve
9 the notice of foreclosure sale provided for in section 847
10 upon the following persons and in the following manner,
11 and no additional notice shall be required to be served,
12 notwithstanding any notice requirements of any State or
13 local law:

14 (1) TIMING.—At least 21 days prior to the date
15 of the foreclosure sale, the notice of foreclosure sale
16 required by section 848 of this subtitle shall be filed
17 in the manner authorized for filing a notice of an ac-
18 tion concerning real property according to the law of
19 the State where the security property is located or,
20 if none, in the manner authorized by section 3201
21 of title 28, United States Code.

22 (2) NOTICE BY MAIL.—The notice of fore-
23 closure sale shall be sent by certified or registered
24 mail, postage prepaid and return receipt requested
25 to the following:

1 (A) The current security property owner of
2 record, as the record exists 45 days before the
3 date originally set for foreclosure sale, whether
4 or not the notice describes a sale adjourned as
5 provided in this subtitle.

6 (B) All mortgagors of record or other per-
7 sons who appear of record or in the mortgage
8 agreement to be liable for part or all of the
9 mortgage debt, as the record exists 45 days be-
10 fore the date originally set for foreclosure sale,
11 whether or not the notice describes a sale ad-
12 journd as provided in this subtitle, except any
13 such mortgagors or persons who have been re-
14 leased.

15 (C) All dwelling units in the security prop-
16 erty, whether or not the notice describes a sale
17 adjourned as provided in this subtitle.

18 (D) All persons holding liens of record
19 upon the security property, as the record exists
20 45 days before the date originally set for fore-
21 closure sale, whether or not the notice describes
22 a sale adjourned as provided in this subtitle.

23 Notice under clauses (A) and (B) of this paragraph
24 shall be mailed at least 21 days before the date of
25 foreclosure sale, and shall be mailed to the owner or

1 mortgagor at the last known address of the owner
2 or mortgagor, or, if none, to the address of the secu-
3 rity property, or, at the discretion of the foreclosure
4 commissioner, to any other address believed to be
5 that of such owner or mortgagor. Notice under
6 clause (C) of this paragraph shall be mailed at least
7 21 days before the date of foreclosure sale. If the
8 names of the occupants of the security property are
9 not known to the Secretary, or the security property
10 has more than one dwelling, the notice shall be post-
11 ed at the security property at least 21 days prior to
12 the foreclosure sale. Notice under clause (D) of this
13 paragraph shall be mailed at least 21 days before
14 the date of foreclosure sale, and shall be mailed to
15 each such lienholder's address as stated of record or,
16 at the discretion of the foreclosure commissioner, to
17 any other address believed to be that of such
18 lienholder. Notice by mail pursuant to this sub-
19 section or section 848(b) shall be deemed duly given
20 upon mailing, whether or not received by the ad-
21 dressee and whether or not a return receipt is re-
22 ceived or the letter is returned.

23 (3) PUBLICATION.—A copy of the notice of de-
24 fault and foreclosure sale shall be published, as pro-
25 vided herein, once a week during three successive

1 calendar weeks before the sale date. Such publica-
2 tion shall be in a newspaper or newspapers having
3 general circulation in the county or counties in
4 which the security property being sold is located. To
5 the extent practicable, the newspaper or newspapers
6 chosen shall be a newspaper or newspapers, if any
7 is available, having circulation conducive to achiev-
8 ing notice of foreclosure by publication. A legal
9 newspaper that is accepted as a newspaper of legal
10 record in the county or counties in which the secu-
11 rity property being sold is located shall be considered
12 a newspaper having general circulation for the pur-
13 poses of this paragraph. Should there be no news-
14 paper published at least weekly which has a general
15 circulation in one of the counties in which the secu-
16 rity property being sold is located, copies of the no-
17 tice of default and foreclosure sale shall be posted at
18 the courthouse of any county or counties in which
19 the security property is located and at the place
20 where the sale is to be held at least 21 days before
21 the date of sale.

22 PRESALE REINSTATEMENT

23 SEC. 850. (a) Except as provided in sections 848(b)
24 and 851(c), the foreclosure commissioner shall withdraw
25 the security property from foreclosure and cancel the fore-
26 closure sale only if—

1 (1) the Secretary so directs the commissioner
2 prior to or at the time of sale;

3 (2) the commissioner finds, upon application of
4 the mortgagor at least three days before the date of
5 sale, that the default or defaults upon which the
6 foreclosure is based did not exist at the time of serv-
7 ice of the notice of default and foreclosure sale; or

8 (3)(A) in the case of a foreclosure involving a
9 monetary default, there is tendered to the fore-
10 closure commissioner before public auction is com-
11 pleted the entire amount of principal and interest
12 which would be due if payments under the mortgage
13 had not been accelerated;

14 (B) in the case of a foreclosure involving a
15 nonmonetary default, the foreclosure commissioner,
16 upon application of the mortgagor before the date of
17 foreclosure sale, finds that such default is cured; and

18 (C) there is tendered to the foreclosure commis-
19 sioner before public auction is completed all amounts
20 due under the mortgage agreement (excluding addi-
21 tional amounts which would have been due if mort-
22 gage payments had been accelerated), all amounts of
23 expenditures secured by the mortgage, and all costs
24 of foreclosure incurred for which payment from the
25 proceeds of foreclosure is provided in section 852,

1 except that the Secretary shall have discretion to
2 refuse to cancel a foreclosure pursuant to this para-
3 graph if the current mortgagor or owner of record
4 has on one or more previous occasions caused a fore-
5 closure of the mortgage, commenced pursuant to
6 this subtitle or otherwise, to be canceled by curing
7 a default.

8 (b) Before withdrawing the security property from
9 foreclosure in the circumstances described in subsection
10 (a)(2) or (a)(3), the foreclosure commissioner shall afford
11 the Secretary a reasonable opportunity to demonstrate
12 why the security property should not be so withdrawn.

13 (c) In any case in which a foreclosure commenced
14 under this subtitle is canceled, the mortgage shall continue
15 in effect as though acceleration had not occurred.

16 (d) If the foreclosure commissioner cancels a fore-
17 closure sale under this subtitle a new foreclosure may be
18 subsequently commenced as provided in this subtitle.

19 (e) The foreclosure commissioner shall file a notice
20 of cancellation in the same place and manner provided for
21 filing the notice of foreclosure sale in section 849.

22 CONDUCT OF SALE; ADJOURNMENT

23 SEC. 851. (a) Foreclosure sale pursuant to this sub-
24 title shall be at public auction, and shall be scheduled to
25 begin between the hours of 9 o'clock ante meridiem and
26 4 o'clock post meridiem local time. The foreclosure sale

1 shall be held at a location specified in the notice of default
2 and foreclosure sale, which shall be a location where fore-
3 closure real estate auctions are customarily held in the
4 county or one of the counties in which the property to be
5 sold is located, or at a courthouse therein, or at or on
6 the property to be sold. Sale of security property situated
7 in two or more counties may be held in any one of the
8 counties in which any part of the security property is situ-
9 ated. The foreclosure commissioner may designate the
10 order in which multiple tracts of security are sold.

11 (b) The foreclosure commissioner shall conduct the
12 foreclosure sale in accordance with the provisions of this
13 subtitle and in a manner fair to both the mortgagor and
14 the Secretary. Written one-price sealed bids shall be ac-
15 cepted by the foreclosure commissioner from the Secretary
16 and other persons for entry by announcement by the com-
17 missioner at the sale. The Secretary and any other person
18 may bid at the foreclosure sale, including the Secretary
19 or any other person who has submitted a written one-price
20 bid. The foreclosure commissioner or any relative, related
21 business entity, or employee of such commissioner or en-
22 tity shall not be permitted to bid in any manner on the
23 security property subject to foreclosure sale, except that
24 the foreclosure commissioner or an auctioneer may be di-
25 rected by the Secretary to enter a bid on the Secretary's

1 behalf. The foreclosure commissioner may serve as auc-
2 tioneer, or, in accordance with regulations of the Sec-
3 retary, may employ an auctioneer to be paid from the com-
4 mission provided for in section 852(5).

5 (c) The foreclosure commissioner shall have discre-
6 tion, prior to or at the time of sale to adjourn or cancel
7 the foreclosure sale if the commissioner determines, in the
8 commissioner's discretion, that circumstances are not con-
9 ducive to a sale which is fair to the mortgagor and the
10 Secretary or that additional time is necessary to determine
11 whether the security property should be withdrawn from
12 foreclosure as provided in section 850. The foreclosure
13 commissioner may adjourn a sale to a later hour the same
14 day by announcing or posting the new time and place of
15 the foreclosure sale, or may adjourn the foreclosure sale
16 for not less than 9 nor more than 31 days, in which case
17 the commissioner shall serve a notice of default and fore-
18 closure sale revised to recite that the foreclosure sale has
19 been adjourned to a specified date and to include any cor-
20 rections the foreclosure commissioner deems appropriate.
21 Such notice shall be served by publication and mailing in
22 accordance with section 849, except that publication may
23 be made on any of 3 separate days before the revised date
24 of foreclosure sale, and mailing may be made at any time

1 at least 7 days before the date to which the foreclosure
2 sale has been adjourned.

3 (d) The foreclosure commissioner may require a bid-
4 der to make a cash deposit in an amount or percentage
5 set by him and stated in the notice of foreclosure sale be-
6 fore the bid is accepted. A successful bidder at the fore-
7 closure sale who fails to comply with the terms of the sale
8 may be required to forfeit the cash deposit or, at the elec-
9 tion of the foreclosure commissioner after consultation
10 with the Secretary, shall be liable to the agency incurred
11 by the agency as a result of such failure.

12 (e) Any foreclosure sale held in accordance with this
13 subtitle shall be conclusively presumed to have been con-
14 ducted in a legal, fair, and reasonable manner. The sale
15 price shall be conclusively presumed to be reasonable and
16 equal to the fair market value of the property.

17 FORECLOSURE COSTS

18 SEC. 852. The following foreclosure costs shall be
19 paid from the sale proceeds before satisfaction of any
20 claim to such sale proceeds:

21 (1) Necessary advertising costs and postage in-
22 curred in giving notice pursuant to sections 849 and
23 851.

24 (2) Mileage for posting notices and for the fore-
25 closure commissioner's or auctioneer's attendance at
26 the sale as provided in section 1921 of title 28,

1 United States Code, for mileage by the most reason-
2 able road distance.

3 (3) Reasonable and necessary costs actually in-
4 curred in connection with any necessary search of
5 title and lien records.

6 (4) Necessary out-of-pocket costs incurred by
7 the foreclosure commissioner to record documents.

8 (5) A commission for the foreclosure commis-
9 sioner other than an employee of the United States
10 for the conduct of the foreclosure to the extent au-
11 thorized by the Secretary.

12 DISPOSITION OF SALE PROCEEDS

13 SEC. 853. Money realized from a foreclosure
14 sale shall be made available for obligation and ex-
15 penditure—

16 (1) first, to cover the costs of foreclosure pro-
17 vided for in section 852;

18 (2) then, to pay valid tax liens or assessments
19 if required by the notice of foreclosure sale;

20 (3) then, to pay any liens recorded before the
21 recording of the mortgage which are required to be
22 paid in conformity with the terms of sale in the no-
23 tice of foreclosure sale;

24 (4) then, to service charges and advancements
25 for taxes, assessments, and property insurance pre-
26 miums;

1 (5) then, to the interest;

2 (6) then, to the principal balance secured by the
3 mortgage (including expenditures for the necessary
4 protection, preservation, and repair of the security
5 property as authorized under the mortgage agree-
6 ment and interest thereon if provided for in the
7 mortgage agreement); and

8 (7) then, to late charges.

9 Any surplus after payment of the foregoing shall be paid
10 to holders of liens recorded after the mortgage in the order
11 of priority under Federal law or the law of the State where
12 the security property is located and then to the appro-
13 priate mortgagor. If the person to whom such surplus is
14 to be paid cannot be located, or if the surplus available
15 is insufficient to pay all claimants and the claimants can-
16 not agree on the allocation of the surplus, or if any person
17 claiming an interest in the mortgage proceeds does not
18 agree that some or all of the sale proceeds should be paid
19 to a claimant as provided in this section, that part of the
20 sale proceeds in question may be deposited by the fore-
21 closure commissioner with an appropriate official or court
22 authorized under law to receive disputed funds in such cir-
23 cumstances. If such a procedure for the deposit of dis-
24 puted funds is not available, and the foreclosure commis-
25 sioner files a bill of interpleader or is sued as a stakeholder

1 to determine entitlement to such funds, the foreclosure
2 commissioner's necessary costs in taking or defending
3 such action shall be deductible from the disputed funds.

4 TRANSFER OF TITLE AND POSSESSION

5 SEC. 854. (a) The foreclosure commissioner shall de-
6 liver a deed or deeds to the purchaser or purchasers with-
7 out warranty or covenants to the purchaser or purchasers
8 and obtain the balance of the purchase price in accordance
9 with the terms of sale provided in the notice of default
10 and foreclosure sale. Notwithstanding State law to the
11 contrary, the commissioner's deed shall be a conveyance
12 of property, and no judicial proceeding shall be required
13 ancillary or supplementary to the procedures provided in
14 this subtitle to assure the validity of the conveyance or
15 confirmation of such conveyance.

16 (b) A purchaser at a foreclosure sale held pursuant
17 to this subtitle shall be entitled to possession upon passage
18 of title to the mortgaged property, subject to an interest
19 or interests not barred under section 856. Any person re-
20 maining in possession after the passage of title shall be
21 deemed a tenant at sufferance subject to eviction under
22 local law.

23 (c) If a purchaser dies before execution and delivery
24 of the deed conveying the property to the purchaser, the
25 foreclosure commissioner shall execute and deliver the
26 deed to the representative of the purchaser's estate upon

1 payment of the purchase price in accordance with the
2 terms of sale. Such delivery to the representative of the
3 purchaser's estate shall have the same effect as if accom-
4 plished during the lifetime of the purchaser.

5 (d) The purchaser of property under this subtitle
6 shall be presumed to be a bona fide purchaser without no-
7 tice of defects, if any, in the title conveyed to said pur-
8 chaser if the purchaser would have been considered a bona
9 fide purchaser without notice had the sale been made vol-
10 untarily and in person by the debtor.

11 (e) There shall be no right of redemption, or right
12 of possession based upon right of redemption, in the mort-
13 gage or others subsequent to a foreclosure pursuant to
14 this subtitle. Section 204(l) of the National Housing Act
15 and section 701 of the Department of Housing and Urban
16 Development Reform Act of 1989 shall not apply to mort-
17 gages foreclosed under this subtitle.

18 (f) When conveyance is made to the Secretary, no tax
19 shall be imposed or collected with respect to the fore-
20 closure commissioner's deed, whether as a tax upon the
21 instrument or upon the privilege of conveying or transfer-
22 ring title to the property. Failure to collect or pay a tax
23 of the type and under the circumstances stated in the pre-
24 ceding sentence shall not be grounds for refusing to record
25 such a deed, for failing to recognize such recordation as

1 imparting notice, or for denying the enforcement of such
2 a deed and its provisions in any State or Federal court.

3 RECORD OF FORECLOSURE AND SALE

4 SEC. 855. (a) To establish a sufficient record of fore-
5 closure and sale, the foreclosure commissioner shall in-
6 clude in the recitals of the deed to the purchaser or pre-
7 pare an affidavit or addendum to the deed stating—

8 (1) the date, time and place of sale;

9 (2) that the mortgage was held by the Sec-
10 retary, the date of the mortgage, the office in which
11 the mortgage was recorded, and the liber and folio
12 or other description of the recordation of the mort-
13 gage;

14 (3) the particulars of the foreclosure commis-
15 sioner's service of notice of default and foreclosure
16 sale in accordance with sections 849 and 851;

17 (4) the date and place of filing the notice of
18 foreclosure sale;

19 (5) that the foreclosure was conducted in ac-
20 cordance with the provisions of this subtitle and with
21 the terms of the notice of default and foreclosure
22 sale; and

23 (6) the sale amount.

24 (b) The statements set forth in subsection (a) shall
25 be prima facie evidence of the truth of such recitals and
26 statement of facts in any Federal or State court; and shall

1 be a conclusive presumption in favor of bona fide pur-
2 chasers and encumbrancers for value without notice. En-
3 cumbrancers for value include liens placed by lenders who
4 provide the purchaser with purchase money in exchange
5 for a security interest in the newly-conveyed property.

6 (c) The deed executed by the foreclosure commis-
7 sioner, the foreclosure commissioner's affidavit and any
8 other instruments submitted for recordation in relation to
9 the foreclosure of the security property under this subtitle
10 shall be accepted for recordation by the registrar of deeds
11 or other appropriate official of the county or counties in
12 which the security property is located upon tendering of
13 payment of the usual recording fees for such instruments
14 without regard to the compliance of those instruments
15 with local filing requirements.

16 EFFECT OF SALE

17 SEC. 856. A sale, made and conducted as prescribed
18 in this subtitle to a bona fide purchaser, shall be an entire
19 bar of all claims upon, or with respect to, the property
20 sold, of each of the following persons:

21 (1) Any person to whom the notice of fore-
22 closure sale was mailed as provided in this subtitle,
23 and the heir, devisee, executor, administrator, suc-
24 cessor or assignee claiming under any such person.

1 (2) Any person claiming any interest in the
2 property subordinate to that of the mortgage, if such
3 person had actual knowledge of the sale.

4 (3) Each person, claiming any interest in the
5 property, whose assignment, mortgage, or other con-
6 veyance was not duly recorded or filed in the proper
7 place for recording or filing, or whose judgment or
8 decree was not duly docketed or filed in the proper
9 place for docketing or filing, prior to the date on
10 which the notice of sale was first served by publica-
11 tion, as required by section 849(2); and the execu-
12 tor, administrator, or assignee of such a person.

13 (4) Every other person claiming under a statu-
14 tory lien or encumbrance created subsequent to the
15 recording or filing of the mortgage being foreclosed,
16 attaching to the title or interest of any person des-
17 ignated in any of the foregoing subsections of this
18 section.

19 COMPUTATION OF TIME

20 SEC. 857. Periods of time provided for in this subtitle
21 shall be calculated in consecutive calendar days including
22 the day or days on which the actions or events occur or
23 are to occur for which the period of time is provided and
24 including the day on which an event occurs or is to occur
25 from which the period is to be calculated.

SEPARABILITY

1
2 SEC. 858. If any clause, sentence, paragraph, or part
3 of this subtitle shall, for any reason, be adjudged by a
4 court of competent jurisdiction to be invalid or invalid as
5 applied to a class of cases, such judgment shall not affect,
6 impair, or invalidate the remainder thereof and of this
7 subtitle, but shall be confined in its operation to the
8 clause, sentence, paragraph, or part thereof directly in-
9 volved in the controversy in which such judgment shall
10 have been rendered.

DEFICIENCY JUDGMENT

11
12 SEC. 859. (a) IN GENERAL.—If after deducting the
13 disbursements provided for in section 853 of this subtitle,
14 the price at which the security property is sold at a fore-
15 closure sale is less than the unpaid balance of the debt
16 secured by the security property, resulting in a deficiency,
17 the Secretary may refer the matter to the Attorney Gen-
18 eral who may commence an action or actions against any
19 or all debtors to recover the deficiency, unless specifically
20 prohibited by the mortgage. The United States is also en-
21 titled to recover any amount authorized by section 3011
22 of title 28, United States Code, and costs of the action.
23 (b) LIMITATION.—Any action commenced to recover
24 the deficiency must be brought within 6 years of the last
25 sale of the security property.

1 TITLE IX—MISCELLANEOUS AMENDMENTS

2 OFHEO ASSESSMENT COLLECTION DATES

3 SEC. 901. Section 1316(b) of the Housing and Com-
4 munity Development Act of 1992 is amended by striking
5 out paragraph (2) and inserting in lieu thereof the follow-
6 ing:

7 “(2) TIMING OF PAYMENT.—The annual assess-
8 ment shall be payable semiannually for each fiscal
9 year, on October 1st and April 1st.”.

10 LEAD-BASED PAINT TECHNICAL ASSISTANCE

11 AMENDMENTS

12 SEC. 902. (a) Section 1011(g) of the Residential
13 Lead-Based Paint Hazard Reduction Act of 1992 is
14 amended—

15 (1) in paragraph (1)—

16 (A) first sentence, by inserting immediately
17 before the period a comma and “by providing
18 technical assistance, either directly, or indirectly
19 under contracts or otherwise”; and

20 (B) by striking out the second sentence;
21 and

22 (2) by striking out paragraph (2) and inserting
23 in lieu thereof the following:

24 “(2) SET-ASIDE.—Of the total amount ap-
25 proved in appropriation Acts under subsection (p),
26 there shall be set aside to carry out this subsection

1 \$5,000,000 for fiscal year 1995 and \$5,000,000 for
2 fiscal year 1996.”.

3 (b) Section 1052 of such Act is amended by inserting
4 immediately after “other Federal agencies,” the following:
5 “either directly, or indirectly under contract or other-
6 wise,”.

7 (c) Strike out section 1053 of such Act, and insert
8 in lieu thereof the following:

9 **“SEC. 1053. OTHER RESEARCH AND ASSISTANCE ACTIVI-**
10 **TIES.**

11 “The Secretary is authorized to use funding that may
12 be available to carry out this part to undertake, either di-
13 rectly, or indirectly under contract or otherwise, pursuant
14 to title V, Housing and Urban Development Act of 1970
15 (12 U.S.C. 1701z-1), such studies, tests (including but
16 not limited to pilot tests of new or revised programs), eval-
17 uations, demonstrations, education of the public, and
18 preparation of training materials, as are consistent with
19 the purposes of this Act.

20 **“SEC. 1054. AUTHORIZATION.**

21 “Of the total amount approved in appropriation Acts
22 under section 1011(p), there shall be set aside to carry
23 out this part \$10,000,000 for fiscal year 1995 and
24 \$10,000,000 for fiscal year 1996.”.

1 LEAD-BASED PAINT TARGET HOUSING HAZARD
2 REDUCTION PROGRAM

3 SEC. 903. Section 1011(p) of the Residential Lead-
4 Based Paint Hazard Reduction Act of 1992 is amended
5 to read as follows:

6 “(p) AUTHORIZATION OF APPROPRIATIONS.—For the
7 purposes of carrying out this Act, there are authorized to
8 be appropriated \$100,000,000 for fiscal year 1995 and
9 \$100,000,000 for fiscal year 1996.”.

10 HUD RESEARCH AND DEVELOPMENT

11 SEC. 904. The second sentence of section 501 of the
12 Housing and Urban Development Act of 1970 (12 U.S.C.
13 1701z-1) is amended to read as follows: “There are au-
14 thorized to be appropriated to carry out this title
15 \$40,000,000 for fiscal year 1995 and \$40,000,000 for fis-
16 cal year 1996.”.

○

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HR 4310 IH—8

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